

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

UNION TOWNSHIP SCHOOL CORPORATION

PORTER COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**

07/11/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	7
Notes to Financial Statement.....	8-13
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	16-21
Schedule of Long-Term Debt .....	23
Examination Results and Comments:	
Capital Assets.....	24
Academic Honors Diplomas - Incorrect Reporting to the State.....	24
Exit Conference.....	25
Official Response .....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela Buksar	07-01-11 to 06-30-14
Superintendent of Schools	John Hunter	07-01-11 to 06-30-14
President of the School Board	Michael Jessen Julie Giorgi	07-01-11 to 12-31-13 01-01-14 to 06-30-14



INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE UNION TOWNSHIP SCHOOL  
CORPORATION, PORTER COUNTY, INDIANA

We have examined the accompanying financial statement of the Union Township School Corporation (School Corporation), for the period of July 1, 2011 to June 30, 2013. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

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

As discussed in Note 1, the 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

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, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

April 8, 2014

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## FINANCIAL STATEMENT

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

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UNION TOWNSHIP SCHOOL CORPORATION  
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 Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 2,407,758	\$ 10,598,976	\$ 10,786,089	\$ -	\$ 2,220,645	\$ 10,410,760	\$ 10,618,371	\$ -	\$ 2,013,034
Debt Service	1,784,807	3,947,910	3,580,244	-	2,152,473	3,729,680	3,220,941	-	2,661,212
Retirement/Severance Bond Debt Service	115,073	120,517	161,894	-	73,696	161,267	159,539	-	75,424
Capital Projects	1,254,286	1,685,133	2,066,140	-	873,279	1,770,528	1,752,664	(50,000)	841,143
School Transportation	1,058,174	1,671,451	1,659,049	(250,000)	820,576	1,732,320	1,481,812	(150,000)	921,084
School Bus Replacement	179,506	205,355	256,296	-	128,565	234,189	337,978	-	24,776
Rainy Day	3,367,959	23,824	28,384	250,000	3,613,399	4,560	86,005	200,000	3,731,954
Post-Retirement/Severance Future Benefits	158,567	-	(10,828)	-	169,395	-	(704)	-	170,099
School Lunch	464,131	680,549	623,140	-	521,540	601,096	591,283	-	531,353
Textbook Rental	167,230	224,893	272,089	-	120,034	203,668	153,459	-	170,243
Levy Excess	28,584	171,352	-	-	199,936	-	-	-	199,936
Educational License Plates	11,119	375	-	-	11,494	244	-	-	11,738
Scholarships and Awards	6,500	-	1,500	-	5,000	3,000	1,500	-	6,500
Special Programs	1,199	-	1,199	-	-	-	-	-	-
Wellness Program	1,106	-	-	-	1,106	5,400	1,950	-	4,556
High Ability	-	30,901	30,901	-	-	32,692	32,692	-	-
Non-English Speaking Programs P.L. 273-1999	-	1,466	1,466	-	-	1,320	1,320	-	-
School Technology	9,207	9,535	18,742	-	-	9,885	7,308	-	2,577
Title I	-	89,347	89,465	-	(118)	89,850	89,731	-	1
Drug Free Schools	2,044	4,664	4,596	-	2,112	1,320	2,680	-	752
21st Century Learning Center	1,500	-	-	-	1,500	-	-	-	1,500
Improving Teaching Quality, No Child Left, Title II, Part A	-	19,009	19,009	-	-	19,455	19,455	-	-
Education Jobs	-	144,922	144,922	-	-	6,167	6,167	-	-
<b>Totals</b>	<b>\$ 11,018,750</b>	<b>\$ 19,630,179</b>	<b>\$ 19,734,297</b>	<b>\$ -</b>	<b>\$ 10,914,632</b>	<b>\$ 19,017,401</b>	<b>\$ 18,564,151</b>	<b>\$ -</b>	<b>\$ 11,367,882</b>

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

UNION TOWNSHIP SCHOOL CORPORATION  
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.

UNION TOWNSHIP SCHOOL CORPORATION  
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.

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

UNION TOWNSHIP SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*F. Other Financing Sources and Uses*

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

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

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

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the 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.

UNION TOWNSHIP SCHOOL CORPORATION  
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 Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

UNION TOWNSHIP SCHOOL CORPORATION  
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 Capitol 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. Negative Receipts and Disbursements**

The financial statement contains disbursements which appear as negative entries in the Post-Retirement/Severance Future Benefits fund. This is a result of an adjustment/correction to the General fund for buy back days for the certified and administration staff.

UNION TOWNSHIP SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8.  *Holding Corporation***

The School Corporation has entered into a capital lease with the Wheeler-Union Township School Building Corporation. 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 2012 and 2013 totaled \$2,076,488 and \$2,104,463, respectively.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Report 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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

UNION TOWNSHIP SCHOOL CORPORATION  
 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/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 2,407,758	\$ 1,784,807	\$ 115,073	\$ 1,254,286	\$ 1,058,174	\$ 179,506	\$ 3,367,959	\$ 158,567
Receipts:								
Local sources	458,408	2,947,910	120,517	1,185,133	1,157,678	192,049	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,105,812	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	1,000,000	1,000,000	-	500,000	500,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	34,756	-	-	-	13,773	13,306	23,824	-
Total receipts	<u>10,598,976</u>	<u>3,947,910</u>	<u>120,517</u>	<u>1,685,133</u>	<u>1,671,451</u>	<u>205,355</u>	<u>23,824</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,838,028	-	-	-	-	-	-	(10,828)
Support services	2,687,595	-	-	581,592	950,049	-	-	-
Noninstructional services	260,466	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	684,548	-	-	28,384	-
Debt services	1,000,000	3,580,244	161,894	800,000	709,000	256,296	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>10,786,089</u>	<u>3,580,244</u>	<u>161,894</u>	<u>2,066,140</u>	<u>1,659,049</u>	<u>256,296</u>	<u>28,384</u>	<u>(10,828)</u>
Excess (deficiency) of receipts over disbursements	<u>(187,113)</u>	<u>367,666</u>	<u>(41,377)</u>	<u>(381,007)</u>	<u>12,402</u>	<u>(50,941)</u>	<u>(4,560)</u>	<u>10,828</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	250,000	-
Transfers out	-	-	-	-	(250,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(187,113)</u>	<u>367,666</u>	<u>(41,377)</u>	<u>(381,007)</u>	<u>(237,598)</u>	<u>(50,941)</u>	<u>245,440</u>	<u>10,828</u>
Cash and investments - ending	<u>\$ 2,220,645</u>	<u>\$ 2,152,473</u>	<u>\$ 73,696</u>	<u>\$ 873,279</u>	<u>\$ 820,576</u>	<u>\$ 128,565</u>	<u>\$ 3,613,399</u>	<u>\$ 169,395</u>

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	Special Programs	Wellness Program	High Ability
Cash and investments - beginning	\$ 464,131	\$ 167,230	\$ 28,584	\$ 11,119	\$ 6,500	\$ 1,199	\$ 1,106	\$ -
Receipts:								
Local sources	482,699	200,085	171,352	-	-	-	-	-
Intermediate sources	-	-	-	375	-	-	-	-
State sources	9,958	24,808	-	-	-	-	-	30,901
Federal sources	187,892	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>680,549</u>	<u>224,893</u>	<u>171,352</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,901</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	1,199	-	30,901
Support services	12,000	272,089	-	-	-	-	-	-
Noninstructional services	611,140	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,500	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>623,140</u>	<u>272,089</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,199</u>	<u>-</u>	<u>30,901</u>
Excess (deficiency) of receipts over disbursements	<u>57,409</u>	<u>(47,196)</u>	<u>171,352</u>	<u>375</u>	<u>(1,500)</u>	<u>(1,199)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>57,409</u>	<u>(47,196)</u>	<u>171,352</u>	<u>375</u>	<u>(1,500)</u>	<u>(1,199)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 521,540</u>	<u>\$ 120,034</u>	<u>\$ 199,936</u>	<u>\$ 11,494</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 1,106</u>	<u>\$ -</u>

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I	Drug Free Schools	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 9,207	\$ -	\$ 2,044	\$ 1,500	\$ -	\$ -	\$ 11,018,750
Receipts:								
Local sources	-	-	-	4,030	-	-	-	6,919,861
Intermediate sources	-	-	-	-	-	-	-	375
State sources	1,466	9,535	-	-	-	-	-	9,182,480
Federal sources	-	-	89,347	634	-	19,009	144,922	441,804
Temporary loans	-	-	-	-	-	-	-	3,000,000
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	85,659
Total receipts	<u>1,466</u>	<u>9,535</u>	<u>89,347</u>	<u>4,664</u>	<u>-</u>	<u>19,009</u>	<u>144,922</u>	<u>19,630,179</u>
Disbursements:								
Current:								
Instruction	1,466	-	89,465	4,596	-	18,439	132,206	7,105,472
Support services	-	-	-	-	-	570	12,716	4,516,611
Noninstructional services	-	-	-	-	-	-	-	871,606
Facilities acquisition and construction	-	18,742	-	-	-	-	-	731,674
Debt services	-	-	-	-	-	-	-	6,507,434
Nonprogrammed charges	-	-	-	-	-	-	-	1,500
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>1,466</u>	<u>18,742</u>	<u>89,465</u>	<u>4,596</u>	<u>-</u>	<u>19,009</u>	<u>144,922</u>	<u>19,734,297</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(9,207)</u>	<u>(118)</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,118)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	250,000
Transfers out	-	-	-	-	-	-	-	(250,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(9,207)</u>	<u>(118)</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,118)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (118)</u>	<u>\$ 2,112</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,914,632</u>

UNION TOWNSHIP SCHOOL CORPORATION  
 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/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 2,220,645	\$ 2,152,473	\$ 73,696	\$ 873,279	\$ 820,576	\$ 128,565	\$ 3,613,399	\$ 169,395
Receipts:								
Local sources	430,087	2,729,680	158,774	1,246,846	1,198,841	234,189	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,962,783	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	1,000,000	1,000,000	-	500,000	500,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	17,890	-	2,493	23,682	33,479	-	4,560	-
Total receipts	<u>10,410,760</u>	<u>3,729,680</u>	<u>161,267</u>	<u>1,770,528</u>	<u>1,732,320</u>	<u>234,189</u>	<u>4,560</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,721,793	-	-	-	-	-	-	(704)
Support services	2,639,660	-	-	723,738	981,812	170,218	-	-
Noninstructional services	256,918	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	528,926	-	-	86,005	-
Debt services	1,000,000	3,220,941	159,539	500,000	500,000	167,760	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>10,618,371</u>	<u>3,220,941</u>	<u>159,539</u>	<u>1,752,664</u>	<u>1,481,812</u>	<u>337,978</u>	<u>86,005</u>	<u>(704)</u>
Excess (deficiency) of receipts over disbursements	<u>(207,611)</u>	<u>508,739</u>	<u>1,728</u>	<u>17,864</u>	<u>250,508</u>	<u>(103,789)</u>	<u>(81,445)</u>	<u>704</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	200,000	-
Transfers out	-	-	-	(50,000)	(150,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(207,611)</u>	<u>508,739</u>	<u>1,728</u>	<u>(32,136)</u>	<u>100,508</u>	<u>(103,789)</u>	<u>118,555</u>	<u>704</u>
Cash and investments - ending	<u>\$ 2,013,034</u>	<u>\$ 2,661,212</u>	<u>\$ 75,424</u>	<u>\$ 841,143</u>	<u>\$ 921,084</u>	<u>\$ 24,776</u>	<u>\$ 3,731,954</u>	<u>\$ 170,099</u>

UNION TOWNSHIP SCHOOL CORPORATION  
 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	Levy Excess	Educational License Plates	Scholarships and Awards	Special Programs	Wellness Program	High Ability
Cash and investments - beginning	\$ 521,540	\$ 120,034	\$ 199,936	\$ 11,494	\$ 5,000	\$ -	\$ 1,106	\$ -
Receipts:								
Local sources	430,485	180,058	-	-	3,000	-	-	-
Intermediate sources	-	-	-	244	-	-	5,400	-
State sources	9,544	23,610	-	-	-	-	-	32,692
Federal sources	161,067	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>601,096</u>	<u>203,668</u>	<u>-</u>	<u>244</u>	<u>3,000</u>	<u>-</u>	<u>5,400</u>	<u>32,692</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	32,692
Support services	12,000	153,459	-	-	-	-	1,950	-
Noninstructional services	579,283	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,500	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>591,283</u>	<u>153,459</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,950</u>	<u>32,692</u>
Excess (deficiency) of receipts over disbursements	<u>9,813</u>	<u>50,209</u>	<u>-</u>	<u>244</u>	<u>1,500</u>	<u>-</u>	<u>3,450</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,813</u>	<u>50,209</u>	<u>-</u>	<u>244</u>	<u>1,500</u>	<u>-</u>	<u>3,450</u>	<u>-</u>
Cash and investments - ending	<u>\$ 531,353</u>	<u>\$ 170,243</u>	<u>\$ 199,936</u>	<u>\$ 11,738</u>	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 4,556</u>	<u>\$ -</u>

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I	Drug Free Schools	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (118)	\$ 2,112	\$ 1,500	\$ -	\$ -	\$ 10,914,632
Receipts:								
Local sources	-	-	-	1,320	-	-	-	6,613,280
Intermediate sources	-	-	-	-	-	-	-	5,644
State sources	1,320	9,885	-	-	-	-	-	9,039,834
Federal sources	-	-	89,850	-	-	19,455	6,167	276,539
Temporary loans	-	-	-	-	-	-	-	3,000,000
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	82,104
Total receipts	<u>1,320</u>	<u>9,885</u>	<u>89,850</u>	<u>1,320</u>	<u>-</u>	<u>19,455</u>	<u>6,167</u>	<u>19,017,401</u>
Disbursements:								
Current:								
Instruction	1,320	-	83,956	2,680	-	19,455	6,167	6,867,359
Support services	-	-	-	-	-	-	-	4,682,837
Noninstructional services	-	-	-	-	-	-	-	836,201
Facilities acquisition and construction	-	7,308	5,775	-	-	-	-	628,014
Debt services	-	-	-	-	-	-	-	5,548,240
Nonprogrammed charges	-	-	-	-	-	-	-	1,500
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>1,320</u>	<u>7,308</u>	<u>89,731</u>	<u>2,680</u>	<u>-</u>	<u>19,455</u>	<u>6,167</u>	<u>18,564,151</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>2,577</u>	<u>119</u>	<u>(1,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,250</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>2,577</u>	<u>119</u>	<u>(1,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,250</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,577</u>	<u>\$ 1</u>	<u>\$ 752</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,367,882</u>

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UNION TOWNSHIP SCHOOL CORPORATION  
SCHEDULE OF LONG-TERM DEBT  
June 30, 2013

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Wheeler-Union Twp Sch Bldg Corp	\$ 8,678,494	\$ 1,800,600
2009 QSCB Wheeler-Union Twp Sch Bldg Corp	1,660,550	155,000
2010 QSCB Wheeler-Union Twp Sch Bldg Corp	1,856,950	144,100
Energy savings contract	168,578	89,622
Notes and loans payable:		
School bus loan	17,421	19,622
Textbook contracts	208,407	108,844
Bonds payable:		
General obligation bonds:		
2004 School improvement	1,990,000	99,300
2002 Pension bonds	259,103	58,214
2006 Pension bonds	<u>870,000</u>	<u>93,773</u>
Total debt	<u>\$ 15,709,503</u>	<u>\$ 2,569,075</u>

UNION TOWNSHIP SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

***CAPITAL ASSETS***

The School Corporation has not properly maintained a complete inventory of capital assets owned. The School Corporation has not updated capital asset records or performed an inventory of capital assets since 2005.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE***

The School Corporation's supporting documentation reflected a count of 34 students that graduated with academic honors in the Class of 2012. The School Corporation reported 35 academic honors students in 2012 to the Department of Education resulting in an overstatement of one student in 2012.

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

UNION TOWNSHIP SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 8, 2014, with Pamela Buksar, Treasurer; John Hunter, Superintendent of Schools; and Julie Giorgi, President of the School Board. The Official Response has been made a part of this report and may be found on page 26.

## UNION TOWNSHIP SCHOOL CORPORATION

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MR. JOHN HUNTER, Ed. S.  
SUPERINTENDENT

599 W 300 N, SUITE A  
VALPARAISO, IN 46385  
PHONE: (219) 759-2531 • FAX: (219) 759-3250  
www.union.k12.in.us  
"EVERY STUDENT, EVERY DAY"

MR. MICHAEL STEPHENS, Ed. S.  
ASSISTANT SUPERINTENDENT

April 8, 2014

### OFFICIAL RESPONSE

Paul Joyce, CPA  
State Examiner  
State Board of Accounts  
302 West Washington St., Room E418  
Indianapolis, IN 46204-2738

Dear Mr. Joyce,

Union Township School Corporation's response to the Examination Results and Comments contained in the July 2011 through June 2013 State Board of Accounts Examination is as follows:

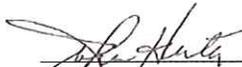
#### Capital Asset Records

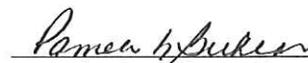
Union Township School Corporation did not update and maintain the Capital Assets Record for the audit period. Union Township School Corporation intends to have a Capital Assets Inventory completed and in place by the summer of 2014. Moving forward we will update the inventory when assets are purchased and/or discarded.

#### Academic Honors Diplomas – Incorrect Reporting to the State

Union Township School Corporation reported 35 students as having received Academic Honors in the Class of 2012 when only 34 students made this achievement. The School Corporation will contact the Indiana Department of Education, Division of School Finance, and report this discrepancy. The School Corporation will make the correction as advised by the Indiana Department of Education.

Sincerely,

  
\_\_\_\_\_  
John Hunter, Superintendent

  
\_\_\_\_\_  
Pamela S. Buksar, Treasurer