

**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, 2013 to June 30, 2015



**FILED**  
07/08/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nicole Thorn Gabby Perryman (Interim) Wendy Kulczyk	07-01-13 to 06-30-14 07-01-14 to 08-31-14 09-01-14 to 06-30-16
Superintendent of Schools	Dr. E. Ric Frataccia Richard Weigel	07-01-13 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	Cheryl Oprisko Andy Maletta	01-01-13 to 12-31-15 01-01-16 to 12-31-16



## 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, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

### ***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, 2013 to June 30, 2015.

***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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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.

*Other Information*

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2016, 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.

  
Paul D. Joyce, CPA  
State Examiner

April 21, 2016



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, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 21, 2016, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

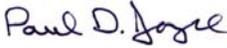
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**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 21, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 11,028,206	\$ 53,260,660	\$ 48,006,225	\$ (3,806,500)	\$ 12,476,141	\$ 53,000,426	\$ 49,345,730	\$ 3,746	\$ 16,134,583
Debt Service	3,181,432	6,202,363	5,868,875	(214,821)	3,300,099	6,472,236	6,152,030	(436,346)	3,183,959
Retirement/Severance Bond Debt Service	518,640	1,561,233	1,428,284	-	651,589	1,476,892	1,428,252	(70,278)	629,951
Capital Projects	4,115,311	4,214,896	5,656,891	-	2,673,316	4,091,067	5,163,247	184,845	1,785,981
School Transportation	4,470,025	4,261,633	3,783,671	391,570	5,339,557	3,700,234	3,463,706	276,999	5,853,084
School Bus Replacement	717,651	1,372,298	1,267,436	-	822,513	1,085,640	889,872	47,066	1,065,347
Rainy Day	13,341,138	250,000	250,000	3,828,231	17,169,369	-	-	-	17,169,369
Retirement/Severance Bond	2,267,181	832	-	-	2,268,013	587	-	-	2,268,600
Post-Retirement/Severance Future Benefits	2,312,429	853	6,667	-	2,306,615	584	132,083	-	2,175,116
Construction	9,432	-	-	-	9,432	-	-	-	9,432
School Lunch	890,198	4,579,993	3,835,853	-	1,634,338	3,867,267	3,541,183	-	1,960,422
Textbook Rental	258,815	950,359	414,718	214,821	1,009,277	844,075	777,226	128,531	1,204,657
Payroll Clearing Account	446,798	23,232,219	23,299,075	-	379,942	24,340,225	23,936,233	-	783,934
Self-Insurance	4,922,083	333,875	516,194	-	4,739,764	3,134,651	1,745,328	-	6,129,087
Levy Excess	-	-	-	-	-	-	-	-	-
Alternative Ed	1,958	3,915	5,873	-	-	2,921	-	-	2,921
SAFE School Haven 2012 Grant	(14,500)	14,500	-	-	-	-	-	-	-
SAFE School Haven 2013 Grant	-	10,150	5,075	-	5,075	-	5,075	-	-
SAFE School Haven 2014 Grant	-	-	-	-	-	5,075	10,150	-	(5,075)
Kostel Donation	1,423	-	-	-	1,423	-	-	-	1,423
Little Bear	400	-	-	-	400	-	-	-	400
Project Lead The Way	-	-	-	-	-	20,000	2,400	-	17,600
Wellness Program	1,056	-	1,056	-	-	-	-	-	-
Home Economics	1,031	-	-	-	1,031	-	-	-	1,031
Culinary Scholarship	593	-	-	-	593	-	-	-	593
Portage Township Education Foundation-2010	2,414	-	129	-	2,285	-	-	-	2,285
Portage Township Education Foundation-2013	7,937	1	5,933	-	2,005	-	1,362	-	643
Portage Township Education Foundation-2014	-	-	-	-	-	11,185	10,300	-	885
Portage Township Education Foundation-2015	-	-	-	-	-	15,266	-	-	15,266
Donations and Trust	66,664	69,099	74,675	-	61,088	132,204	132,594	-	60,698
Arcelormittal Professional	28	-	-	-	28	-	28	-	-
Arcelormittal 2011 Grant	8	-	-	-	8	-	8	-	-
Arcelormittal 2012 Grant	192	-	-	-	192	-	192	-	-

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, 2014 and 2015  
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
Arcelormittal 2012 PHS	4,744	-	4,744	-	-	-	-	-	-
Arcelormittal 2013 PHS	-	10,000	4,160	-	5,840	-	5,840	-	-
Arcelormittal 2013 WC	-	3,500	1,049	-	2,451	-	2,451	-	-
Arcelormittal 2014 STEM	-	16,150	15,963	-	187	16,625	16,126	-	686
Arcelormittal 2014 PHS	-	-	-	-	-	10,000	4,862	-	5,138
Arcelormittal 2014 WC	-	-	-	-	-	3,500	1,707	-	1,793
High Ability 2013	4,009	-	4,009	-	-	-	-	-	-
High Ability 2014	-	61,979	50,266	-	11,713	-	11,713	-	-
High Ability 2015	-	-	-	-	-	63,798	57,181	-	6,617
Common School Loan	(29,479)	965,897	1,466,191	-	(529,773)	1,810,263	1,285,599	-	(5,109)
Secured Schools Safety Grant	-	-	49,658	-	(49,658)	49,658	-	-	-
Non-English Speaking 2013	5,568	-	5,568	-	-	-	-	-	-
Non-English Speaking 2014	-	16,514	12,023	-	4,491	-	4,491	-	-
NESP Grant 2014-2015	-	-	-	-	-	17,314	11,504	-	5,810
School Technology	175,644	145,191	299,853	-	20,982	224,397	243,362	-	2,017
Performance Award 2015	-	-	-	-	-	9,847	-	-	9,847
Academy of Finance	11	-	-	-	11	-	-	-	11
Innovation Planning Grant	-	-	-	-	-	-	15,000	-	(15,000)
Recycle Learning	54	-	-	-	54	-	-	-	54
Title I 2012-13	(93,083)	245,685	152,602	-	-	-	-	-	-
Title I 2013-14	-	883,474	1,022,266	-	(138,792)	478,640	339,848	-	-
Title I 2014-15	-	-	-	-	-	798,389	887,831	-	(89,442)
Title II PT A IMPR 2013	(28,052)	34,024	5,972	-	-	-	-	-	-
Title II PT A IMPR 2014	-	176,227	240,666	-	(64,439)	112,244	47,805	-	-
Title II PT A IMPR 2015	-	-	-	-	-	177,714	189,663	-	(11,949)
Title II PT A IMPR 2016	-	-	-	-	-	11,608	19,920	-	(8,312)
Title III LEP 2012-13	(1,377)	3,733	2,356	-	-	-	-	-	-
Title III LEP 2013-14	-	15,554	18,357	-	(2,803)	10,080	7,277	-	-
Title III WIDA ELD 2014	-	-	-	-	-	688	688	-	-
Title III LEP 2014-15	-	-	-	-	-	21,764	22,983	-	(1,219)
<b>Totals</b>	<b>\$ 48,586,582</b>	<b>\$ 102,896,807</b>	<b>\$ 97,782,333</b>	<b>\$ 413,301</b>	<b>\$ 54,114,357</b>	<b>\$ 106,017,064</b>	<b>\$ 99,912,850</b>	<b>\$ 134,563</b>	<b>\$ 60,353,134</b>

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 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.

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 a cost-sharing 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  
One North Capitol, 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. *Teacher's 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  
One North Capitol, 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, 2014, and June 30, 2015.

PORTAGE TOWNSHIP SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into capital leases with the 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 2014 and 2015 totaled \$5,121,000 and \$5,114,500, respectively.

**Note 9. *Subsequent Events***

In June of 2015, the Board of Trustees passed a resolution approving the redemption of the Portage Township Schools Taxable General Obligation Pension Bonds of 2006. The Portage Township Schools Severance, Series 2015 A Refunding was settled on September 15, 2015. The savings to the School Corporation over the redemption period is \$700,356.

**Note 10. *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.

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## OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 other 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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 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
Receipts:									
Local sources	1,530,869	6,202,363	1,561,233	4,214,896	4,231,886	1,122,298	-	832	853
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	51,649,554	-	-	-	-	-	-	-	-
Federal sources	38,192	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	250,000	250,000	-	-
Other	42,045	-	-	-	29,747	-	-	-	-
Total receipts	53,260,660	6,202,363	1,561,233	4,214,896	4,261,633	1,372,298	250,000	832	853
Disbursements:									
Current:									
Instruction	31,813,139	-	-	-	-	-	-	-	-
Support services	15,614,619	-	-	2,157,237	3,783,671	796,171	-	-	6,667
Noninstructional services	549,467	-	-	-	-	-	-	-	-
Facilities acquisition and construction	29,000	-	-	3,499,654	-	-	-	-	-
Debt services	-	5,868,875	1,428,284	-	-	221,265	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	250,000	250,000	-	-
Total disbursements	48,006,225	5,868,875	1,428,284	5,656,891	3,783,671	1,267,436	250,000	-	6,667
Excess (deficiency) of receipts over disbursements	5,254,435	333,488	132,949	(1,441,995)	477,962	104,862	-	832	(5,814)
Other financing sources (uses):									
Sale of capital assets	21,731	-	-	-	391,570	-	-	-	-
Transfers in	-	-	-	-	-	-	3,828,231	-	-
Transfers out	(3,828,231)	(214,821)	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,806,500)	(214,821)	-	-	391,570	-	3,828,231	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,447,935	118,667	132,949	(1,441,995)	869,532	104,862	3,828,231	832	(5,814)
Cash and investments - ending	\$ 12,476,141	\$ 3,300,099	\$ 651,589	\$ 2,673,316	\$ 5,339,557	\$ 822,513	\$ 17,169,369	\$ 2,268,013	\$ 2,306,615

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, 2014  
 (Continued)

	Construction	School Lunch	Textbook Rental	Payroll Clearing Account	Self-Insurance	Alternative Ed	SAFE School Haven 2012 Grant	SAFE School Haven 2013 Grant	SAFE School Haven 2014 Grant
Cash and investments - beginning	\$ 9,432	\$ 890,198	\$ 258,815	\$ 446,798	\$ 4,922,083	\$ 1,958	\$ (14,500)	\$ -	\$ -
Receipts:									
Local sources	-	1,330,383	622,659	-	333,875	-	-	-	-
Intermediate sources	-	-	-	-	-	-	14,500	10,150	-
State sources	-	30,958	327,268	-	-	3,915	-	-	-
Federal sources	-	3,218,652	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	432	23,232,219	-	-	-	-	-
Total receipts	-	4,579,993	950,359	23,232,219	333,875	3,915	14,500	10,150	-
Disbursements:									
Current:									
Instruction	-	-	-	-	71,837	5,873	-	-	-
Support services	-	47,022	414,718	-	-	-	-	5,075	-
Noninstructional services	-	3,788,831	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	23,299,075	444,357	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,835,853	414,718	23,299,075	516,194	5,873	-	5,075	-
Excess (deficiency) of receipts over disbursements	-	744,140	535,641	(66,856)	(182,319)	(1,958)	14,500	5,075	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	214,821	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	214,821	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	744,140	750,462	(66,856)	(182,319)	(1,958)	14,500	5,075	-
Cash and investments - ending	\$ 9,432	\$ 1,634,338	\$ 1,009,277	\$ 379,942	\$ 4,739,764	\$ -	\$ -	\$ 5,075	\$ -

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, 2014  
 (Continued)

	Kostel Donation	Little Bear	Project Lead The Way	Wellness Program	Home Economics	Culinary Scholarship	Portage Township Education Foundation-2010	Portage Township Education Foundation-2013	Portage Township Education Foundation-2014
Cash and investments - beginning	\$ 1,423	\$ 400	\$ -	\$ 1,056	\$ 1,031	\$ 593	\$ 2,414	\$ 7,937	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	1	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	1	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	129	5,933	-
Support services	-	-	-	1,056	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,056	-	-	129	5,933	-
Excess (deficiency) of receipts over disbursements	-	-	-	(1,056)	-	-	(129)	(5,932)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(1,056)	-	-	(129)	(5,932)	-
Cash and investments - ending	\$ 1,423	\$ 400	\$ -	\$ -	\$ 1,031	\$ 593	\$ 2,285	\$ 2,005	\$ -

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, 2014  
 (Continued)

	Portage Township Education Foundation-2015	Donations and Trust	Arcelormittal Professional	Arcelormittal 2011 Grant	Arcelormittal 2012 Grant	Arcelormittal 2012 PHS	Arcelormittal 2013 PHS	Arcelormittal 2013 WC	Arcelormittal 2014 STEM
Cash and investments - beginning	\$ -	\$ 66,664	\$ 28	\$ 8	\$ 192	\$ 4,744	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	69,099	-	-	-	-	10,000	3,500	16,150
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	69,099	-	-	-	-	10,000	3,500	16,150
Disbursements:									
Current:									
Instruction	-	20,000	-	-	-	4,744	4,160	1,049	15,963
Support services	-	465	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	54,210	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	74,675	-	-	-	4,744	4,160	1,049	15,963
Excess (deficiency) of receipts over disbursements	-	(5,576)	-	-	-	(4,744)	5,840	2,451	187
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	-	(5,576)	-	-	-	(4,744)	5,840	2,451	187
Cash and investments - ending	\$ -	\$ 61,088	\$ 28	\$ 8	\$ 192	\$ -	\$ 5,840	\$ 2,451	\$ 187

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, 2014  
 (Continued)

	Arcelormittal 2014 PHS	Arcelormittal 2014 WC	High Ability 2013	High Ability 2014	High Ability 2015	Common School Loan	Secured Schools Safety Grant	Non-English Speaking 2013	Non-English Speaking 2014
Cash and investments - beginning	\$ -	\$ -	\$ 4,009	\$ -	\$ -	\$ (29,479)	\$ -	\$ 5,568	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	61,979	-	965,897	-	-	16,514
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	61,979	-	965,897	-	-	16,514
Disbursements:									
Current:									
Instruction	-	-	4,009	50,266	-	-	-	5,568	12,023
Support services	-	-	-	-	-	1,466,191	49,658	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,009	50,266	-	1,466,191	49,658	5,568	12,023
Excess (deficiency) of receipts over disbursements	-	-	(4,009)	11,713	-	(500,294)	(49,658)	(5,568)	4,491
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	-	-	(4,009)	11,713	-	(500,294)	(49,658)	(5,568)	4,491
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 11,713	\$ -	\$ (529,773)	\$ (49,658)	\$ -	\$ 4,491

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, 2014  
 (Continued)

	NESP Grant 2014-2015	School Technology	Performance Award 2015	Academy of Finance	Innovation Planning Grant	Recycle Learning	Title I 2012-13	Title I 2013-14	Title I 2014-15
Cash and investments - beginning	\$ -	\$ 175,644	\$ -	\$ 11	\$ -	\$ 54	\$ (93,083)	\$ -	\$ -
Receipts:									
Local sources	-	141,399	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,792	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	245,685	883,474	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	145,191	-	-	-	-	245,685	883,474	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	114,376	915,013	-
Support services	-	299,853	-	-	-	-	37,618	90,017	-
Noninstructional services	-	-	-	-	-	-	608	17,236	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	299,853	-	-	-	-	152,602	1,022,266	-
Excess (deficiency) of receipts over disbursements	-	(154,662)	-	-	-	-	93,083	(138,792)	-
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	-	(154,662)	-	-	-	-	93,083	(138,792)	-
Cash and investments - ending	\$ -	\$ 20,982	\$ -	\$ 11	\$ -	\$ 54	\$ -	\$ (138,792)	\$ -

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, 2014  
 (Continued)

	Title II PT A IMPR 2013	Title II PT A IMPR 2014	Title II PT A IMPR 2015	Title II PT A IMPR 2016	Title III LEP 2012-13	Title III LEP 2013-14	Title III WIDA ELD 2014	Title III LEP 2014-15	Totals
Cash and investments - beginning	\$ (28,052)	\$ -	\$ -	\$ -	\$ (1,377)	\$ -	\$ -	\$ -	\$ 48,586,582
Receipts:									
Local sources	-	-	-	-	-	-	-	-	21,392,296
Intermediate sources	-	-	-	-	-	-	-	-	24,650
State sources	-	-	-	-	-	-	-	-	53,059,877
Federal sources	34,024	176,227	-	-	3,733	15,554	-	-	4,615,541
Interfund loans	-	-	-	-	-	-	-	-	500,000
Other	-	-	-	-	-	-	-	-	23,304,443
Total receipts	<u>34,024</u>	<u>176,227</u>	<u>-</u>	<u>-</u>	<u>3,733</u>	<u>15,554</u>	<u>-</u>	<u>-</u>	<u>102,896,807</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	1,838	15,664	-	-	33,061,584
Support services	5,972	240,666	-	-	518	2,693	-	-	25,019,887
Noninstructional services	-	-	-	-	-	-	-	-	4,356,142
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,582,864
Debt services	-	-	-	-	-	-	-	-	7,518,424
Nonprogrammed charges	-	-	-	-	-	-	-	-	23,743,432
Interfund loans	-	-	-	-	-	-	-	-	500,000
Total disbursements	<u>5,972</u>	<u>240,666</u>	<u>-</u>	<u>-</u>	<u>2,356</u>	<u>18,357</u>	<u>-</u>	<u>-</u>	<u>97,782,333</u>
Excess (deficiency) of receipts over disbursements	<u>28,052</u>	<u>(64,439)</u>	<u>-</u>	<u>-</u>	<u>1,377</u>	<u>(2,803)</u>	<u>-</u>	<u>-</u>	<u>5,114,474</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	413,301
Transfers in	-	-	-	-	-	-	-	-	4,043,052
Transfers out	-	-	-	-	-	-	-	-	(4,043,052)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,301</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>28,052</u>	<u>(64,439)</u>	<u>-</u>	<u>-</u>	<u>1,377</u>	<u>(2,803)</u>	<u>-</u>	<u>-</u>	<u>5,527,775</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (64,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,803)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,114,357</u>

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 12,476,141	\$ 3,300,099	\$ 651,589	\$ 2,673,316	\$ 5,339,557	\$ 822,513	\$ 17,169,369	\$ 2,268,013	\$ 2,306,615
Receipts:									
Local sources	1,443,664	6,472,236	1,476,892	4,091,067	3,694,949	1,085,640	-	587	584
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	51,346,898	-	-	-	-	-	-	-	-
Federal sources	66,692	-	-	-	-	-	-	-	-
Other	143,172	-	-	-	5,285	-	-	-	-
Total receipts	53,000,426	6,472,236	1,476,892	4,091,067	3,700,234	1,085,640	-	587	584
Disbursements:									
Current:									
Instruction	32,843,389	-	-	-	-	-	-	-	-
Support services	15,890,768	-	-	2,260,307	3,463,706	768,870	-	-	132,083
Noninstructional services	568,371	-	-	-	-	-	-	-	-
Facilities acquisition and construction	43,202	-	-	2,902,940	-	-	-	-	-
Debt services	-	6,152,030	1,428,252	-	-	121,002	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	49,345,730	6,152,030	1,428,252	5,163,247	3,463,706	889,872	-	-	132,083
Excess (deficiency) of receipts over disbursements	3,654,696	320,206	48,640	(1,072,180)	236,528	195,768	-	587	(131,499)
Other financing sources (uses):									
Sale of capital assets	3,746	-	-	-	130,817	-	-	-	-
Transfers in	-	-	-	184,845	146,182	47,066	-	-	-
Transfers out	-	(436,346)	(70,278)	-	-	-	-	-	-
Total other financing sources (uses)	3,746	(436,346)	(70,278)	184,845	276,999	47,066	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,658,442	(116,140)	(21,638)	(887,335)	513,527	242,834	-	587	(131,499)
Cash and investments - ending	\$ 16,134,583	\$ 3,183,959	\$ 629,951	\$ 1,785,981	\$ 5,853,084	\$ 1,065,347	\$ 17,169,369	\$ 2,268,600	\$ 2,175,116

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, 2015  
 (Continued)

	Construction	School Lunch	Textbook Rental	Payroll Clearing Account	Self-Insurance	Alternative Ed	SAFE School Haven 2012 Grant	SAFE School Haven 2013 Grant	SAFE School Haven 2014 Grant
Cash and investments - beginning	\$ 9,432	\$ 1,634,338	\$ 1,009,277	\$ 379,942	\$ 4,739,764	\$ -	\$ -	\$ 5,075	\$ -
Receipts:									
Local sources	-	1,246,387	513,438	-	3,134,651	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	5,075
State sources	-	31,559	329,876	-	-	2,921	-	-	-
Federal sources	-	2,589,321	-	-	-	-	-	-	-
Other	-	-	761	24,340,225	-	-	-	-	-
Total receipts	-	3,867,267	844,075	24,340,225	3,134,651	2,921	-	-	5,075
Disbursements:									
Current:									
Instruction	-	-	-	-	73,767	-	-	-	-
Support services	-	65,157	777,226	-	-	-	-	5,075	10,150
Noninstructional services	-	3,476,026	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	23,936,233	1,671,561	-	-	-	-
Total disbursements	-	3,541,183	777,226	23,936,233	1,745,328	-	-	5,075	10,150
Excess (deficiency) of receipts over disbursements	-	326,084	66,849	403,992	1,389,323	2,921	-	(5,075)	(5,075)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	128,531	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	128,531	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	326,084	195,380	403,992	1,389,323	2,921	-	(5,075)	(5,075)
Cash and investments - ending	\$ 9,432	\$ 1,960,422	\$ 1,204,657	\$ 783,934	\$ 6,129,087	\$ 2,921	\$ -	\$ -	\$ (5,075)

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, 2015  
 (Continued)

	Kostel Donation	Little Bear	Project Lead The Way	Wellness Program	Home Economics	Culinary Scholarship	Portage Township Education Foundation-2010	Portage Township Education Foundation-2013	Portage Township Education Foundation-2014
Cash and investments - beginning	\$ 1,423	\$ 400	\$ -	\$ -	\$ 1,031	\$ 593	\$ 2,285	\$ 2,005	\$ -
Receipts:									
Local sources	-	-	20,000	-	-	-	-	-	11,185
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	20,000	-	-	-	-	-	11,185
Disbursements:									
Current:									
Instruction	-	-	2,400	-	-	-	-	1,362	10,300
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,400	-	-	-	-	1,362	10,300
Excess (deficiency) of receipts over disbursements	-	-	17,600	-	-	-	-	(1,362)	885
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	-	-	17,600	-	-	-	-	(1,362)	885
Cash and investments - ending	<u>\$ 1,423</u>	<u>\$ 400</u>	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ 1,031</u>	<u>\$ 593</u>	<u>\$ 2,285</u>	<u>\$ 643</u>	<u>\$ 885</u>

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, 2015  
 (Continued)

	Portage Township Education Foundation-2015	Donations and Trust	Arcelormittal Professional	Arcelormittal 2011 Grant	Arcelormittal 2012 Grant	Arcelormittal 2012 PHS	Arcelormittal 2013 PHS	Arcelormittal 2013 WC	Arcelormittal 2014 STEM
Cash and investments - beginning	\$ -	\$ 61,088	\$ 28	\$ 8	\$ 192	\$ -	\$ 5,840	\$ 2,451	\$ 187
Receipts:									
Local sources	15,266	132,204	-	-	-	-	-	-	16,625
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	15,266	132,204	-	-	-	-	-	-	16,625
Disbursements:									
Current:									
Instruction	-	131,663	-	8	192	-	5,840	2,451	16,126
Support services	-	931	28	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	132,594	28	8	192	-	5,840	2,451	16,126
Excess (deficiency) of receipts over disbursements	15,266	(390)	(28)	(8)	(192)	-	(5,840)	(2,451)	499
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	15,266	(390)	(28)	(8)	(192)	-	(5,840)	(2,451)	499
Cash and investments - ending	\$ 15,266	\$ 60,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686

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, 2015  
 (Continued)

	Arcelormittal 2014 PHS	Arcelormittal 2014 WC	High Ability 2013	High Ability 2014	High Ability 2015	Common School Loan	Secured Schools Safety Grant	Non-English Speaking 2013	Non-English Speaking 2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 11,713	\$ -	\$ (529,773)	\$ (49,658)	\$ -	\$ 4,491
Receipts:									
Local sources	10,000	3,500	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	63,798	1,810,263	49,658	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	10,000	3,500	-	-	63,798	1,810,263	49,658	-	-
Disbursements:									
Current:									
Instruction	4,862	1,707	-	11,713	57,181	-	-	-	3,991
Support services	-	-	-	-	-	1,285,599	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	500
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,862	1,707	-	11,713	57,181	1,285,599	-	-	4,491
Excess (deficiency) of receipts over disbursements	5,138	1,793	-	(11,713)	6,617	524,664	49,658	-	(4,491)
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	5,138	1,793	-	(11,713)	6,617	524,664	49,658	-	(4,491)
Cash and investments - ending	\$ 5,138	\$ 1,793	\$ -	\$ -	\$ 6,617	\$ (5,109)	\$ -	\$ -	\$ -

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, 2015  
 (Continued)

	NESP Grant 2014-2015	School Technology	Performance Award 2015	Academy of Finance	Innovation Planning Grant	Recycle Learning	Title I 2012-13	Title I 2013-14	Title I 2014-15
Cash and investments - beginning	\$ -	\$ 20,982	\$ -	\$ 11	\$ -	\$ 54	\$ -	\$ (138,792)	\$ -
Receipts:									
Local sources	-	220,554	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	17,314	3,843	9,847	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	478,640	798,389
Other	-	-	-	-	-	-	-	-	-
Total receipts	17,314	224,397	9,847	-	-	-	-	478,640	798,389
Disbursements:									
Current:									
Instruction	11,439	-	-	-	-	-	-	271,598	775,849
Support services	65	243,362	-	-	15,000	-	-	66,175	85,704
Noninstructional services	-	-	-	-	-	-	-	2,075	26,278
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,504	243,362	-	-	15,000	-	-	339,848	887,831
Excess (deficiency) of receipts over disbursements	5,810	(18,965)	9,847	-	(15,000)	-	-	138,792	(89,442)
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	5,810	(18,965)	9,847	-	(15,000)	-	-	138,792	(89,442)
Cash and investments - ending	\$ 5,810	\$ 2,017	\$ 9,847	\$ 11	\$ (15,000)	\$ 54	\$ -	\$ -	\$ (89,442)

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, 2015  
 (Continued)

	Title II PT A IMPR 2013	Title II PT A IMPR 2014	Title II PT A IMPR 2015	Title II PT A IMPR 2016	Title III LEP 2012-13	Title III LEP 2013-14	Title III WIDA ELD 2014	Title III LEP 2014-15	Totals
Cash and investments - beginning	\$ -	\$ (64,439)	\$ -	\$ -	\$ -	\$ (2,803)	\$ -	\$ -	\$ 54,114,357
Receipts:									
Local sources	-	-	-	-	-	-	-	-	23,589,429
Intermediate sources	-	-	-	-	-	-	-	-	5,075
State sources	-	-	-	-	-	-	688	-	53,666,665
Federal sources	-	112,244	177,714	11,608	-	10,080	-	21,764	4,266,452
Other	-	-	-	-	-	-	-	-	24,489,443
Total receipts	-	112,244	177,714	11,608	-	10,080	688	21,764	106,017,064
Disbursements:									
Current:									
Instruction	-	-	-	-	-	6,017	-	12,083	34,243,938
Support services	-	47,805	189,663	19,920	-	1,260	688	10,900	25,340,442
Noninstructional services	-	-	-	-	-	-	-	-	4,073,250
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,946,142
Debt services	-	-	-	-	-	-	-	-	7,701,284
Nonprogrammed charges	-	-	-	-	-	-	-	-	25,607,794
Total disbursements	-	47,805	189,663	19,920	-	7,277	688	22,983	99,912,850
Excess (deficiency) of receipts over disbursements	-	64,439	(11,949)	(8,312)	-	2,803	-	(1,219)	6,104,214
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	134,563
Transfers in	-	-	-	-	-	-	-	-	506,624
Transfers out	-	-	-	-	-	-	-	-	(506,624)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	134,563
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	64,439	(11,949)	(8,312)	-	2,803	-	(1,219)	6,238,777
Cash and investments - ending	\$ -	\$ -	\$ (11,949)	\$ (8,312)	\$ -	\$ -	\$ -	\$ (1,219)	\$ 60,353,134

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PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,153,379</u>	<u>\$ 110,919</u>

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
PNC Equipment Finance LLC	Bus Purchases	\$ 121,002	08/01/2010	02/01/2016
Portage Township Multi-School Building Corporation	PHS Addition Security Playgrounds	791,000	07/15/2007	01/15/2028
Portage Township Multi-School Building Corporation	Refinance Multi 2006	1,319,000	01/15/2007	01/15/2025
Portage Township Multi-School Building Corporation	Refinance Multi 2007	2,601,000	07/15/2007	01/15/2029
Portage Township Multi-School Building Corporation	Fegely Middle School Remodel	401,000	07/05/2004	01/05/2019
Santander Leasing LLC	Bus GPS Purchase	<u>49,756</u>	03/01/2013	09/01/2017
Total of annual lease payments		<u>\$ 5,282,758</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Pension Bond Series 2002	\$ 1,600,000
General obligation bonds	Pension Bond Series 2006	\$ 706,715
Notes and loans payable	Common School Loans	5,855,000
		<u>2,942,073</u>
Totals		<u>\$ 10,397,073</u>
		<u>\$ 1,984,458</u>

PORTAGE TOWNSHIP SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 38,636,500
Buildings	120,147,844
Improvements other than buildings	7,220,975
Machinery, equipment, and vehicles	<u>25,488,315</u>
Total capital assets	<u>\$ 191,493,634</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2013 to June 30, 2015. 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.

***Opinion on Each Major Federal Program***

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 major federal programs for the period of July 1, 2013 to June 30, 2015.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these 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**

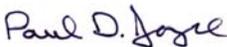
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 2015-001, 2015-002, 2015-003, and 2015-004 to be material weaknesses.

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

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Food Service			FY 2013-14	\$ 709,662	\$ -
Food Service			FY 2014-15	-	557,931
Total - School Breakfast Program				<u>709,662</u>	<u>557,931</u>
National School Lunch Program					
Food Service	Indiana Department of Education	10.555			
Food Service			FY 2013-14	2,653,739	-
			FY 2014-15	-	2,202,483
Total - National School Lunch Program				<u>2,653,739</u>	<u>2,202,483</u>
Summer Food Service Program for Children					
Food Service	Indiana Department of Education	10.559			
Food Service			FY 2013-14	94,296	-
			FY 2014-15	-	87,000
Total - Summer Food Service Program for Children				<u>94,296</u>	<u>87,000</u>
Total - Child Nutrition Cluster				<u>3,457,697</u>	<u>2,847,414</u>
Total - Department of Agriculture				<u>3,457,697</u>	<u>2,847,414</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education-Grants to States					
FY 2012 Federal Part B 611 Grant	Indiana Department of Education	84.027	14212-050-PN01	11,480	-
FY 2013 Federal Part B 611 Grant			14213-050-PN01	360,821	13,451
FY 2014 Federal Part B 611 Grant			14214-050-PN01	1,252,704	436,374
FY 2015 Federal Part B 611 Grant			14215-050-PN01	-	1,244,090
FY 2014 Federal Technical Assistance Grant Part B Funds			99914-050-TA01	9,418	22,611
Total - Special Education-Grants To States				<u>1,634,423</u>	<u>1,716,526</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, 2014 and 2015  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education-Preschool Grants	Indiana Department of Education	84.173			
FY 2014 Federal Part B 619 Grant			45714-050-PN01	44,136	-
FY 2015 Federal Part B 619 Grant			45715-050-PN01	-	43,364
Total - Special Education-Preschool Grants				<u>44,136</u>	<u>43,364</u>
Total - Special Education Cluster (IDEA)				<u>1,678,559</u>	<u>1,759,890</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I			12-6550	245,685	-
Title I			13-6550	883,474	-
Title I			13-6550	-	478,641
Title I			14-6550	-	798,389
Total - Title I Grants to Local Educational Agencies				<u>1,129,159</u>	<u>1,277,030</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III			FY 2012-13	3,733	-
Title III			FY 2013-14	15,554	10,080
Title III			FY 2014-15	-	688
Title III			FY 2015-16	-	21,764
Total - English Language Acquisition State Grants				<u>19,287</u>	<u>32,532</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II			FY 2011-12	34,024	-
Title II			FY 2012-13	176,227	112,244
Title II			FY 2013-14	-	177,714
Title II			FY 2014-15	-	11,608
Total - Improving Teacher Quality State Grants				<u>210,251</u>	<u>301,566</u>
Total - Department of Education				<u>3,037,256</u>	<u>3,371,018</u>
Total federal awards expended				<u>\$ 6,494,953</u>	<u>\$ 6,218,432</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 (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 239,046	\$ 258,094

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

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; 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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$381,402

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

No matters are reportable.

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

**FINDING 2015-001 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Agriculture  
 Federal Programs: School Breakfast Program, National School Lunch Program,  
 Summer Food Service Program for Children  
 CFDA Numbers: 10.553, 10.555, 10.559  
 Federal Award Years: FY 2013-14, FY 2014-15  
 Pass-Through Entity: Indiana Department of Education

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

The School Corporation operated a Food Service Program, which was the recipient of federal funding from the School Breakfast Program, National School Lunch Program, and Summer Food Service Program. All transactions related to the Food Service Program were recorded in the School Lunch fund. This included, but was not limited to, salaries and benefits, food purchases, supplies, and all revenue generated by the Food Service Program.

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirement for Allowable Costs/Cost Principles. A lack of segregation of duties within an internal control system could also allow non-compliance 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 programs.

Management of the School Corporation had not established an effective internal control system, to ensure that only allowable and adequately documented payroll costs were paid with the Food Service Program funds. An oversight, review, or approval process had not been established to ensure that proper documentation was maintained for salaries paid from food service for employees who also worked in a non-federal activity.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

The School Lunch fund was used for the payment of food service employees' wages. Funds related to food service were also used to pay a percentage of an administrative corporation employee's salary for fiscal years 2013-2014 and 2014-2015. The administrative employee did not maintain personnel activity reports to support the distribution of a portion of their salary to the School Lunch fund. The amount of the administrative salary charged to the federal program without proper supporting documentation totaled \$49,461 and is considered a questioned cost.

OMB Circular A-87, Attachment B, Section (8)(h)(4), states:

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases,  
or
- (e) An unallowable activity and a direct or indirect cost activity."

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

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 enabled noncompliance to go undetected. The failure to comply with compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles requirement of the programs.

***FINDING 2015-002 - CASH MANAGEMENT***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 2013-14, FY 2014-15  
Pass-Through Entity: Indiana Department of Education

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirement for Cash Management. 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 programs.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the average expenditures for three months. An oversight, review, or monitoring of the cash balances had 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 programs. 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."

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

The School Corporation maintained cash balances that exceeded the average expenditures for 3 months during 16 months of the 24 month audit period. The cash account balances exceeded the average expenditures for 3 months in amounts between \$1,060,347 to \$1,491,411 for the 2013-2014 school year. The cash account balances exceeded the average expenditures for 3 months in amounts between \$1,105,561 to \$1,494,229 for the 2014-2015 school year.

7 CFR section 210.14(b) states:

*"Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e)(1)(iv) states: "Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

The failure to establish internal controls enabled noncompliance to go undetected. Failure to comply with the Cash Management Provisions of the grant could result in sanctions from the pass-through agency.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Cash Management requirement of the programs.

***FINDING 2015-003 - SPECIAL EDUCATION CLUSTER***

Federal Agency: Department of Education

Federal Programs: Special Education-Grants to States, Special Education-Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers: 14212-050-PN01, 14213-050-PN01, 14214-050-PN01, 14215-050-PN01,  
99914-050-TA01, 45714-050-PN01, 45715-050-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort - Maintenance of Effort, and Period of Availability. The failure to establish an effective internal control system placed 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 programs.

*Activities Allowed or Unallowed and Allowable Costs/Cost Principles*

Over 95 percent of the grant expenditures were for payroll and related benefit costs for special education personnel. One employee was responsible for the preparation, recording, and payment of the bi-weekly payroll and related benefit costs. There was no evidence of an oversight or review process. Policies or procedures have also not been designed or implemented to ensure that required periodic certifications are prepared for all personnel paid solely from federal funds or that timesheets for hourly employees indicate the program or fund from which the employee will be paid.

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

*Level of Effort - Maintenance of Effort (MOE)*

The School Corporation had not designed or implemented policies and procedures to ensure that the MOE calculation was accurate or that supporting documentation was maintained. One individual calculated and reported the MOE. An oversight, review, or approval process had not been established.

*Period of Availability*

The School Corporation historically expended the available funds in advance of the end of the period of availability. However, evidence of a review process was not noted to ensure that grant funds were disbursed within the period of availability and that expenditures were not made from expired grant funds.

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, 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 have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

***FINDING 2015-004 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed or Unallowed, Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements. The

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

failure to establish an effective internal control system placed 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 programs.

*Activities Allowed or Unallowed*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that payroll disbursements were only for food service operating and administrative costs and the appropriate supporting documentation was in agreement with the payroll disbursements. An oversight, review, or approval process had not been established for the payroll disbursements posted to the School Lunch fund.

*Reporting*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the Verification Summary Report was accurate. One employee was responsible for preparing and submitting the reports. An oversight, review, or approval process had not been established.

*Special Tests and Provisions - Paid Lunch Equity*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that paid lunch equity was properly determined and implemented. There was no segregation of duties, such as an oversight, review, or approval process. The Food Service Director used a calculator on the Indiana Department of Education website to calculate the weighted average meal price, then compared the meal price to the paid lunch equity rate provided by the Indiana Department of Education. There was no review process to verify the data that had been input into the calculator, including both meal counts and meal prices for the prior school year, were correct or that the appropriate changes had been made, if applicable.

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 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."

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

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

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#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

# PORTAGE TOWNSHIP SCHOOLS

---

Dr. Richard Weigel  
Superintendent of Schools  
Dr. Debra Dudek  
Assistant Superintendent  
Linda Williams  
Director of Title and Special  
Student Programs  
Wendy Kulczyk  
Director of Finance  
Debra Wysong JD  
Director of Human Resources

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Board Of School  
Trustees

Jessica Bailey  
Debra Ekdahl  
Andy Maletta  
Rhonda A. Nelson  
Cheryl Oprisko

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2013-001 Internal Controls and Compliance with Program Income Requirements that have a direct and material effect on the Child Nutrition Cluster Programs***

Original Assigned SBA Audit Report Number:	B43486
Report Period:	July 1, 2011 through June 30, 2013
Pass-Through Entity or Federal Grantor Agency:	Indiana Department of Education
Contact Person Responsible for Corrective Action:	Wendy Kulczyk
Contact Phone Number:	219-764-6008

#### Status of Audit Finding:

The School Corporation has implemented internal control procedures to ensure that income generated from breakfast and lunch meal activity is accurately accounted for and properly reported. The Food Service Department purchased a new point of sale software system called Nutri Kids. Cafeteria Managers prepare daily deposits. The Cafeteria Managers send point of sale reports generated by Nutri Kids and deposit tickets to the Food Service Financial Clerk. The Food Service Financial Clerk compares the meal activity and prepares a daily revenue report which summarizes meal activity at all building cafeterias. The daily summary report is reviewed by the Director or Assistant Director of Food Service. The daily summary report is sent to the Business Department at the end of each operating month along with the Monthly Revenue (reported cash sales) Report, which is prepared by the finance clerk and reviewed and signed off by the Director or Assistant Director of Food Service. The Business Department Assistant verifies the deposits to the bank activity and issues a receipt. The Business Department Assistant posts the revenue shown in the Monthly Revenue Report to the Food Service Fund 0800 or Food Service Prepaid Fund 8400 for prepaid collections.

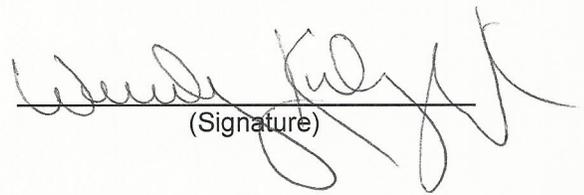
The Finance Director receives a monthly meal activity report from the Director of Food Services. The Finance Director transfers revenue by journal entry from the Food Service Prepaid Fund 8400 to the Food Service Fund 0800 for charges against the student prepaid accounts.

The Assistant Food Service Director prepares the monthly claim for reimbursement from the Monthly Claim Report generated by Nutrikids for each school. Additionally, average daily attendance needed for the claim reimbursement is calculated by pulling the ADA/ADM reports in Powerschool for each school and using the attendance multiplier of 96.1%. The monthly claim for reimbursement is entered and reviewed by the Food Service Director and is again reviewed one final time by both the Director and the Assistant Food Service Director and signed off by both. It is sent to the Assistant Finance Director for final review (and signature) before it is submitted.

The submission is made no later than the 10<sup>th</sup> of the month following the month of program participation.

The Food Service monthly bank reconciliation is prepared by the Food Service Financial Clerk. The reconciliation is reviewed by the Food Service Director or Assistant Director. A copy of the bank reconciliation is sent to the Business Office Assistant. The Business Office Assistant files the bank reconciliation after review by the Finance Director.

The Food Service Financial Clerk prepares the Annual Financial Report. (AFR) The Food Service Director or Assistant Food Service Director as well as the Assistant Finance Director, review the report before the submission to verify that balances reported agree to the corporation financial system, EFinance.

A handwritten signature in black ink, appearing to read "Wanda K. [unclear]", written over a horizontal line.

(Signature)

Director of Finance

(Title)

02/16/2016

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

# PORTAGE TOWNSHIP SCHOOLS

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2013-002 Internal Controls and Compliance with Reporting Requirements that have a direct and material effect on The Child Nutrition Cluster Programs***

Original Assigned SBA Audit Report Number:	B43486
Report Period:	July 1, 2011 through June 30, 2013
Pass-Through Entity or Federal Grantor Agency:	Indiana Department of Education
Contact Person Responsible for Corrective Action:	Wendy Kulczyk
Contact Phone Number:	219-764-6008

#### Status of Audit Finding:

The School Corporation has implemented internal control procedures to ensure that segregation of duties exists in relation to the grant agreement. Procedures are in place to provide oversight, reviews, and approvals of grant activities. The Food Service Department purchased a new point of sale software system called Nutri Kids. Cafeteria Managers prepare daily deposits. The Cafeteria Managers send point of sale reports generated by Nutri Kids and deposit tickets to the Food Service Financial Clerk. The Food Service Financial Clerk compares the meal activity and prepares a daily revenue report which summarizes meal activity at all building cafeterias. The daily summary report is reviewed by the Director or Assistant Director of Food Service. The daily summary report is sent to the Business Department at the end of each operating month along with the Monthly Revenue (reported cash sales) Report, which is prepared by the Food Service Finance Clerk and reviewed and signed off by the Director or Assistant Director of Food Service. The Business Department Assistant verifies the deposits to the bank activity and issues a receipt. The Business Department Assistant posts the revenue to the Food Service Fund 0800 or Food Service Prepaid Fund 8400 for prepaid collections.

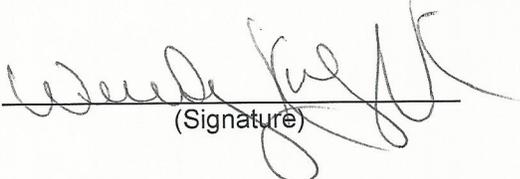
The Finance Director receives a monthly meal activity report from the Director of Food Services. The Finance Director transfers revenue by journal entry from the Food Service Prepaid Fund 8400 to the Food Service Fund 0800 for charges against the student prepaid accounts.

The Assistant Food Service Director prepares the monthly claim for reimbursement from the Monthly Claim Report generated by Nutrikids for each school. Additionally, average daily attendance needed for the claim reimbursement is calculated by pulling the ADA/ADM reports in Powerschool for each school and using the attendance multiplier of 96.1%. The monthly claim for reimbursement is entered and reviewed by the Food Service Director and is again reviewed one final time by both the Director and the Assistant Food Service Director and signed off by both. It is sent to the Assistant Finance Director for final review (and signature) before it is submitted.

The submission is made no later than the 10<sup>th</sup> of the month following the month of program participation.

The Food Service monthly bank reconciliation is prepared by the Food Service Financial Clerk. The reconciliation is reviewed by the Food Service Director or Assistant Director. A copy of the bank reconciliation is sent to the Business Office Assistant. The Business Office Assistant files the bank reconciliation after review by the Finance Director.

The Food Service Financial Clerk prepares the Annual Financial Report. (AFR) The Food Service Director or Assistant Food Service Director as well as the Assistant Finance Director, review the report before the submission to verify that balances reported agree to the corporation financial system, EFinance.



A handwritten signature in black ink, appearing to read "Wanda J. [unclear]", is written over a horizontal line.

(Signature)

Director of Finance

(Title)

02/16/2016

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

# PORTAGE TOWNSHIP SCHOOLS

Dr. Richard Weigel  
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Dr. Debra Dudek  
Assistant Superintendent  
Linda Williams  
Director of Title and Special  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2013-003 Internal Controls over Compliance Requirements that have a direct and material effect on the Education Jobs Fund***

Original Assigned SBA Audit Report Number: B43486  
Report Period: July 1, 2011 through June 30, 2013  
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Wendy Kulczyk  
Contact Phone Number: 219-764-6008

#### Status of Audit Finding:

The School Corporation has implemented internal control procedures to ensure that segregation of duties exists in relation to grant agreements. Procedures are in place to provide oversight, reviews, and approvals. The procedures include signatures of the Grant Administrator, Finance Director, or Assistant Finance Director on all invoices paid from grant funds. All reimbursement reports prepared by the Assistant Finance Director are approved by the Grant Administrator. Grant Revenue notifications are sent to the Finance Director. The Finance Director forwards the notifications to the Business Office Assistant. The Finance Director or Assistant Finance Director provides the Business Office Assistant Bank activity reports. The Business Office Assistant compares the grant revenue notification to the bank activity. The Business Office Assistant receipts and posts grant revenue from the bank activity reports. Grant activity is reviewed monthly by the Finance Director when preparing or reviewing monthly bank reconciliements.

  
(Signature)

Director of Finance  
(Title)

02/16/2016  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

# PORTAGE TOWNSHIP SCHOOLS



**Food and Nutrition Services**  
6270 U.S. Highway 6  
Portage, Indiana 46368  
Phone: 219-763-8008  
Fax: 219-764 6283

**Lisa Strong**  
Director of Food Services

**Lisa Mischke**  
Assistant Director of Food Services

*Food and  
Nutrition  
Services*

## CORRECTIVE ACTION PLAN

### **FINDING 2015-001 ALLOWABLE COSTS/COST PRINCIPLES**

Contact Person Responsible for Corrective Action: Lisa Mischke, Director of Food Service  
Contact Phone Number: (219) 764-6278

The School Corporation has implemented the following procedures to ensure proper oversight, reviews, and approvals over the payroll activities of the grant program.

The Food Service hourly employees' time sheets will be matched with the Organization Charge Summary Report that indicates which employees were paid from Food Service accounts. The Payroll Department will provide the Organization Charge Summary Report after every pay roll run to the Assistant Director of Food Service. The Organization Charge Summary Report and time sheets will be reviewed, initialed, and maintained after every payroll by the Assistant Director of Food Service or their designee to verify only authorized salaries are paid from grant funds.

The district has discontinued allowing employees to work within multiple departments there by reducing the risk of payment for unallowable payroll activity.

Anticipated Completion Date: April 8<sup>th</sup>, 2016 Payroll.

  
(Signature)

Asst. Food Service Director  
(Title)

4/21/16  
(Date)

# PORTAGE TOWNSHIP SCHOOLS



**Food and Nutrition Services**  
6270 U.S. Highway 6  
Portage, Indiana 46368  
Phone: 219-763-8008  
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**Lisa Strong**  
Director of Food Services

**Lisa Mischke**  
Assistant Director of Food Services

*Food and  
Nutrition  
Services*

## CORRECTIVE ACTION PLAN

### **FINDING 2015-002 – CASH MANAGEMENT**

Contact Person Responsible for Corrective Action: Lisa Mischke  
Contact Phone Number: (219) 764-6278

Portage Township Schools agrees that there were some months that resulted in the School Corporation maintaining cash balances that exceeded the three months average operating expense threshold during the 24 month audit period. However, prior to the beginning of the 2013-2014 School Year, Portage Township Schools had monitored the cash balance in SY 12-13 and subsequently requested an exemption from the State allowing lunch prices to remain unchanged for the upcoming 2013-2014 School Year. In order to have State approval for this one time exemption for the 13-14 SY, Portage Township Schools was deemed to be an eligible school based on these two requirements: 1.) achieved 6 cents certification by the State after demonstrating that the new meal plan was being followed and 2.) could demonstrate that the required increase to paid lunch prices or revenue contributions would cause the school to exceed the 3-month operating balance. This was communicated to the School Board on June 24, 2013 in meeting minutes of the Discussion meeting.

Further, as it relates to internal controls and the finding that it "has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to three months' average expenditures in compliance with Cash Management requirements. There is no oversight, review, or monitoring of the cash balances", Portage finds that during the audit period, spreadsheets were kept for review and monitored by the finance clerk and given to the Food Service Director for review, oversight and to act upon, if required. However, Portage Township Schools acknowledges that no actions were taken to alleviate the cash balances during the audit period with the exception of the exemption for lunch price increases.

Beginning with the 2015-2016 school year, the following actions, implemented before the audit was started, have already corrected internal control deficiencies:

1. The finance clerk pulls monthly reports for expenditures/operating expenses (eFinance) and also reports the monthly cash balance (Bank statements) for the department. These figures are entered by the finance clerk into a spreadsheet by month and then are reviewed in quarterly increments by the Food Service Director to analyze the funds. Both entities initial the spreadsheets that also include the back-up documentation. The Director then makes a recommendation/plan to the finance department about spending the excessive funds. The SFA Director also reports and gets approval from the State agency for any equipment purchases over \$5,000 as required by USDA memo SP 31 – 2014 and Government-wide requirements found in the Office of Management and Budget (OMB) guidance cited at 2 CFR Part 225 (*Cost Principles for State, Local, and Indian Tribal Governments*), Appendix B, section 15 (*Equipment and other capital expenditures*)
2. As of December 31, 2015, \$100,000 for new equipment has been competitively quoted and procured to aid in the spend down of the balance. These purchases were approved by the State Agency in accordance with USDA Memo SP 31-2014 via correspondence with Christina Herzog at the IDOE. The requisition for these purchases were reviewed and monitored by the finance department through Efinance. As once reviewed and approved, the finance department issues purchase orders for the equipment. Additionally an action plan was developed at the beginning of the 15-16 school year to identify and procure additional equipment needs in the district. The current action plan includes another \$300,000.00 for new equipment. This action plan was reviewed with the IDOE field rep and will also be shared with the finance department for procurement purposes.

Anticipated Completion Date:Corrected

  
(Signature)

Asst. Food Service Director  
(Title)

4/21/16  
(Date)

# PORTAGE TOWNSHIP SCHOOLS

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Board Of School  
Trustees

Dr. Richard Weigel  
Superintendent of Schools  
Dr. Debra Dudek  
Assistant Superintendent  
Linda Williams  
Director of Title and Special  
Student Programs  
Wendy Kulczyk  
Director of Finance  
Debra Wysong JD  
Director of Human Resources

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Jessica Bailey  
Debra Ekdahl  
Andy Maletta  
Rhonda A. Nelson  
Cheryl Oprisko

## CORRECTIVE ACTION PLAN

### FINDING 2015-003 – SPECIAL EDUCATION CLUSTER

Contact Person Responsible for Corrective Action: Ms. Quinn Van Rys, Chief Financial Officer  
Porter County Education Services Cooperative  
Wendy Kulczyk, Director of Finance  
Portage Township Schools

Contact Phone Number: Quinn Van Rys (219) 464-9607  
Wendy Kulczyk (219) 764-6008

### DESCRIPTION OF CORRECTIVE ACTION PLAN:

#### Activities Allowed and Allowable Costs/Cost Principles

The Porter County Education Services (PCES) hourly employee's timesheets will be matched with the payroll accounting code report that indicates which employees were paid from which accounts. The report and time sheets will be reviewed to insure correct payment of personnel and such review evidenced by the PCES CFO (initial & date). The certified teaching staff hired by the PCES board, and the account codes from which they are paid are also included with the payroll account code report review process.

#### Level of Effort - Maintenance of Effort (MOE)

Porter County Education Services (PCES) staff will calculate the Maintenance of Effort each fiscal year for the member school districts. The PCES staff will complete the calculation, summarize the underlying data, and provide that information to each member school district for review/acknowledgement and evidence of maintenance of effort. The PCES staff will maintain this evidence for audit review.

#### Period of Availability

Monthly, PCES staff will review the summary of receipts and expenditures for each grant fund. A comparison of YTD receipts, expenditures, and total approved budget amounts for each grant provides on-going monitoring to determine the amount of grant funds still available for expenditure. Once the budget amount has been expended, the grant fund accounts are closed (deactivated) so that additional expenditures from a subsequent period cannot be charged to the completed grant. Such review will be evidenced by initial and date of the PCES reviewer.

ANTICIPATED COMPLETION DATE: Plans were implemented in September of 2015.

Wendy Kudryk  
(Signature)

Director of Finance  
(Title)

4/21/2016  
(Date)

# PORTAGE TOWNSHIP SCHOOLS



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**Lisa Strong**  
Director of Food Services

**Lisa Mischke**  
Assistant Director of Food Services

## CORRECTIVE ACTION PLAN

### **FINDING 2015-004 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER Reporting - Verification Special Tests and Provisions – Paid Lunch Equity**

Contact Person Responsible for Corrective Action: Lisa Mischke  
Contact Phone Number: (219) 764-6278

#### *Activities Allowed*

Corrective Action:

The School Corporation has implemented the following procedures to ensure proper oversight, reviews, and approvals over the payroll disbursements of the grant program.

The Food Service hourly employees' time sheets will be matched with the Organization Charge Summary Report that indicates which employees were paid from Food Service accounts. The Payroll Department will provide the Organization Charge Summary Report after every pay roll run to the Assistant Director of Food Service. The Organization Charge Summary Report and time sheets will be reviewed, initialed, and maintained after every payroll by the Assistant Director of Food Service or their designee to verify only authorized salaries are paid from grant funds.

The district has discontinued allowing employees to work within multiple departments there by reducing the risk of payment for unallowable payroll activity.

#### *Reporting*

Portage Township Schools agrees that their current procedure for Verification Summary Reporting needs to implement a final approval process. Currently, the Free and Reduced Clerk gathers and checks the information in a report from the current POS system after the verification process has been completed by the department using adequate oversight and approval throughout the process. Once the process is complete, the Director is responsible for transferring the summary report information into the reporting link on the IDOE website. Currently, there is no secondary approval in the department to verify that the information entered on the website matches the report information.

Corrective Action:

Beginning with the 2015-2016 school year, the following procedures have been put in place to correct these internal control deficiencies:

Once the Director inputs the information into the website, the report will be printed out and re-checked by the Assistant Director. Both the Director and Assistant Director will initial/sign the print out and will keep this document as a part of the verifications documents that are done for each school year. This will ensure that the final reporting of the information to the DOE is accurate.

*Special Tests and Provisions – Paid Lunch Equity*

Portage Township School agrees that the Food Service Director uses a tool calculator on the Indiana Department of Education website to calculate the weighted average meal price and then compares the meal price to the paid lunch equity rate provided by the Indiana Department of Education. Further, Portage Township Schools agree that there is no review process to verify the data that has been input into the calculator tool, including both meal counts and meal prices for the prior school year, are correct or that the appropriate changes have been made if applicable.

Corrective Action:

Beginning with the 2015-2016 school year, the following procedures have been put in place to correct these internal control deficiencies:

The Food Service Director will continue to enter the information in the calculator tool supplied by the Indiana Department of Education. Once that information is entered, the Assistant Director or Finance Specialist will review the information input using back-up data and reporting instruments and prior years information to verify the information is true and accurate. Once information is reviewed and changed as needed, both reviewers will initial/sign a hardcopy of the calculator tool, attach the back-up documentation used to complete the calculator and will keep this in a file for future use and auditing purposes.

Anticipated Completion Date: Corrected

  
(Signature)

Asst. Food Service Director  
(Title)

4/21/16  
(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.