

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

AUDIT REPORT
OF
SCHOOL CITY OF WHITING
LAKE COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
03/24/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Fund	11-12
Notes to Financial Statements	13-25
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	26-34
Schedule of Capital Assets	35
Schedule of Long-Term Debt	36
Audit Results and Comments:	
Omission of Health Insurance Funds and Segregation of Duties	37
Average Daily Membership (ADM)	37-38
Transfer Tuition	38
Collection of Amounts Due	38
Internal Controls – Whiting Middle School	38
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	40-41
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44-48
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	49
Corrective Action Plan	50-54
Exit Conference	55
Official Response	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Business Manager	Cynthia Adams	07-01-08 to 06-30-10
	(Vacant)	07-01-10 to 08-16-10
	Kim Pusateri	08-17-10 to 06-30-11
Superintendent of Schools	Dr. Sandra T. Martinez	07-01-08 to 06-30-11
President of the School Board	Shawn Turpin	07-01-08 to 12-31-08
	Anthony Borgo	01-01-09 to 12-31-09
	Stephanie Stamper-Strabavy	01-01-10 to 06-07-10
	(Vacant)	06-08-10 to 06-30-10
	Lindy Fisher	07-01-10 to 12-31-11



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AN EQUAL OPPORTUNITY EMPLOYER

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

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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of Whiting (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The activity and cash balances of the health insurance accounts (an internal service fund) with ending balances of \$1,197,991.09 and \$1,270,131.96 as of June 30, 2009 and June 30, 2010, respectively, have been omitted from the financial statements listed above.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of the activity and cash balances of the health insurance accounts referred to above, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2011, 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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

January 24, 2011



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302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of Whiting (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 24, 2011. The opinions to the financial statements were qualified due to the omission of the health insurance fund activities and cash balances. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 24, 2011

SCHOOL CITY OF WHITING
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,018,182	\$ -	\$ 162,946	\$ (3,855,236)
Support services	3,762,880	186,097	346,034	(3,230,749)
Noninstructional services	635,179	-	-	(635,179)
Facilities acquisition and construction	413,518	-	-	(413,518)
Debt service	4,351,477	-	-	(4,351,477)
Nonprogrammed charges	<u>1,359,139</u>	<u>-</u>	<u>-</u>	<u>(1,359,139)</u>
Total governmental activities	<u>\$ 14,540,375</u>	<u>\$ 186,097</u>	<u>\$ 508,980</u>	<u>(13,845,298)</u>
General receipts:				
Property taxes				5,197,807
Other local sources				321,308
State aid				5,004,658
Bonds and loans				2,747,000
Grants and contributions not restricted to specific programs				1,197,014
Sale of property				25
Investment earnings				50,117
Other				<u>1,440</u>
Total general receipts				<u>14,519,369</u>
Change in net assets				674,071
Net assets - beginning				<u>5,047,625</u>
Net assets - ending				<u>\$ 5,721,696</u>
<u>Assets</u>				
Cash and investments				\$ 5,392,427
Restricted assets:				
Cash and investments				<u>329,269</u>
Total assets				<u>\$ 5,721,696</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 329,269
Unrestricted				<u>5,392,427</u>
Total net assets				<u>\$ 5,721,696</u>

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

SCHOOL CITY OF WHITING
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,426,685	\$ -	\$ 145,779	\$ (5,280,906)
Support services	4,128,450	194,236	410,795	(3,523,419)
Noninstructional services	652,794	-	-	(652,794)
Facilities acquisition and construction	884,062	-	-	(884,062)
Debt service	2,089,197	-	-	(2,089,197)
Nonprogrammed charges	650,083	-	-	(650,083)
Total governmental activities	<u>\$ 13,831,271</u>	<u>\$ 194,236</u>	<u>\$ 556,574</u>	<u>(13,080,461)</u>
General receipts:				
Property taxes				3,375,278
Other local sources				177,521
State aid				7,491,303
Bonds and loans				1,725,345
Grants and contributions not restricted to specific programs				1,133,020
Investment earnings				22,329
Other				1,776
Total general receipts				<u>13,926,572</u>
Change in net assets				846,111
Net assets - beginning				<u>5,721,696</u>
Net assets - ending				<u>\$ 6,567,807</u>
<u>Assets</u>				
Cash and investments				\$ 5,921,824
Restricted assets:				
Cash and investments				<u>645,983</u>
Total assets				<u>\$ 6,567,807</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 645,983
Unrestricted				<u>5,921,824</u>
Total net assets				<u>\$ 6,567,807</u>

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

SCHOOL CITY OF WHITING
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Capital Projects	General Obligation Bond	Other	Totals
Receipts:					
Local sources	\$ 3,686,692	\$ 1,237,200	\$ 1,198	\$ 815,722	\$ 5,740,812
Intermediate sources	34,485	-	-	-	34,485
State sources	5,117,098	3,136	-	132,202	5,252,436
Federal sources	171,986	-	-	1,266,262	1,438,248
Temporary loans	-	1,312,000	-	415,000	1,727,000
Interfund loans	9,600	-	-	1,000	10,600
Other	325	-	-	1,115	1,440
Total receipts	9,020,186	2,552,336	1,198	2,631,301	14,205,021
Disbursements:					
Current:					
Instruction	3,659,485	-	-	358,697	4,018,182
Support services	2,439,853	692,541	67,986	562,500	3,762,880
Noninstructional services	179,501	-	-	455,678	635,179
Facilities acquisition and construction	-	178,905	221,126	13,487	413,518
Debt services	2,835,000	883,000	-	633,477	4,351,477
Nonprogrammed charges	696,153	-	-	662,986	1,359,139
Interfund loans	1,000	-	-	9,600	10,600
Total disbursements	9,810,992	1,754,446	289,112	2,696,425	14,550,975
Excess (deficiency) of receipts over disbursements	(790,806)	797,890	(287,914)	(65,124)	(345,954)
Other financing sources (uses):					
Proceeds of long-term debt	-	-	1,000,000	20,000	1,020,000
Sale of capital assets	-	25	-	-	25
Transfers in	17,470	-	-	50,952	68,422
Transfers out	-	-	-	(68,422)	(68,422)
Total other financing sources (uses)	17,470	25	1,000,000	2,530	1,020,025
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(773,336)	797,915	712,086	(62,594)	674,071
Cash and investments - beginning	3,171,969	569,571	-	1,306,085	5,047,625
Cash and investments - ending	<u>\$ 2,398,633</u>	<u>\$ 1,367,486</u>	<u>\$ 712,086</u>	<u>\$ 1,243,491</u>	<u>\$ 5,721,696</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 2,398,633	\$ 1,367,486	\$ 712,086	\$ 914,222	\$ 5,392,427
Restricted assets:					
Cash and investments	-	-	-	329,269	329,269
Total cash and investment assets - ending	<u>\$ 2,398,633</u>	<u>\$ 1,367,486</u>	<u>\$ 712,086</u>	<u>\$ 1,243,491</u>	<u>\$ 5,721,696</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 329,269	\$ 329,269
Unrestricted	2,398,633	1,367,486	712,086	914,222	5,392,427
Total cash and investment fund balance - ending	<u>\$ 2,398,633</u>	<u>\$ 1,367,486</u>	<u>\$ 712,086</u>	<u>\$ 1,243,491</u>	<u>\$ 5,721,696</u>

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

SCHOOL CITY OF WHITING
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Rainy Day Fund	Capital Projects	General Obligation Bond	Other	Totals
Receipts:						
Local sources	\$ 139,292	\$ -	\$ 1,842,700	\$ 1,186	\$ 1,774,702	\$ 3,757,880
Intermediate sources	19,295	-	-	-	-	19,295
State sources	7,581,437	-	201,071	-	149,562	7,932,070
Federal sources	198,448	-	-	-	1,042,568	1,241,016
Temporary loans	-	-	930,000	-	502,345	1,432,345
Interfund loans	61,000	-	-	-	60,000	121,000
Other	325	-	-	-	1,451	1,776
Total receipts	7,999,797	-	2,973,771	1,186	3,530,628	14,505,382
Disbursements:						
Current:						
Instruction	4,651,156	-	-	-	775,529	5,426,685
Support services	2,603,497	-	616,425	67,723	840,805	4,128,450
Noninstructional services	164,950	-	-	-	487,844	652,794
Facilities acquisition and construction	-	-	374,959	400,556	108,547	884,062
Debt services	-	-	1,312,000	-	777,197	2,089,197
Nonprogrammed charges	644,932	-	-	-	5,151	650,083
Interfund loans	60,000	-	-	-	61,000	121,000
Total disbursements	8,124,535	-	2,303,384	468,279	3,056,073	13,952,271
Excess (deficiency) of receipts over disbursements	(124,738)	-	670,387	(467,093)	474,555	553,111
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	293,000	293,000
Transfers in	21,808	1,167,749	-	-	26,320	1,215,877
Transfers out	(92,000)	-	(700,094)	-	(423,783)	(1,215,877)
Total other financing sources (uses)	(70,192)	1,167,749	(700,094)	-	(104,463)	293,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(194,930)	1,167,749	(29,707)	(467,093)	370,092	846,111
Cash and investments - beginning	2,398,632	-	1,367,486	712,087	1,243,491	5,721,696
Cash and investments - ending	<u>\$ 2,203,702</u>	<u>\$ 1,167,749</u>	<u>\$ 1,337,779</u>	<u>\$ 244,994</u>	<u>\$ 1,613,583</u>	<u>\$ 6,567,807</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,203,702	\$ 1,167,749	\$ 1,337,779	\$ 244,994	\$ 967,600	\$ 5,921,824
Restricted assets:						
Cash and investments	-	-	-	-	645,983	645,983
Total cash and investment assets - ending	<u>\$ 2,203,702</u>	<u>\$ 1,167,749</u>	<u>\$ 1,337,779</u>	<u>\$ 244,994</u>	<u>\$ 1,613,583</u>	<u>\$ 6,567,807</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 645,983	\$ 645,983
Unrestricted	<u>2,203,702</u>	<u>1,167,749</u>	<u>1,337,779</u>	<u>244,994</u>	<u>967,600</u>	<u>5,921,824</u>
Total cash and investment fund balance - ending	<u>\$ 2,203,702</u>	<u>\$ 1,167,749</u>	<u>\$ 1,337,779</u>	<u>\$ 244,994</u>	<u>\$ 1,613,583</u>	<u>\$ 6,567,807</u>

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

SCHOOL CITY OF WHITING
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2009

	<u>Pension Trust Fund</u>
Additions:	
Total additions	\$ <u> -</u>
Deductions:	
Total deductions	<u> -</u>
Excess (deficiency) of total additions over total deductions	-
Cash and investment fund balance - beginning	<u> 1,732,254</u>
Cash and investment fund balance - ending	<u>\$ <u> 1,732,254</u></u>
Net assets:	
Cash and investments	<u>\$ <u> 1,732,254</u></u>
Total net assets - cash and investment basis held in trust	<u>\$ <u> 1,732,254</u></u>

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

SCHOOL CITY OF WHITING
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2010

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 800,000
Total deductions	-
Excess (deficiency) of total additions over total deductions	800,000
Cash and investment fund balance - beginning	1,732,254
Cash and investment fund balance - ending	\$ 2,532,254
Net assets:	
Cash and investments	\$ 2,532,254
Total net assets - cash and investment basis held in trust	\$ 2,532,254

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

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: School City of Whiting

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant in the Northwest Indiana Educational Service Center (Service Center), a joint school services program established May 30, 1985, for the participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessments, computer utilization, and in-service education. The Service Center operates under the authority of the Northwest Indiana Public School Study Council. Complete financial statements for the Northwest Indiana Educational Service Center can be obtained from School Town of Highland, 2939 41st Street, Highland, IN 46322.

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member from each participating school corporation. The School Corporation pays \$1,000 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained from Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, IN 46410.

The School Corporation is a participant with 15 other school corporations in Lake County in a joint venture to operate the Lake County Safe Schools Commission (Commission) which was created to improve school safety issues. The Commission was authorized in 1999 by IC 5-2-10.1. The Commission is governed by a board composed of a member from each school corporation in Lake County. Although the member schools may fund the Commission, the Commission has generated sufficient revenue without member payments. Complete financial statements for the Commission can be obtained from Lake Station Community School Corporation, 2500 Pike Street, Lake Station, IN 46405.

The School Corporation is a participant with other participation school corporations in a joint venture to operate the Northwest Indiana Natural Gas Cooperative (Gas Cooperative), which was created to procure natural gas in a more economical and efficient manner. The Gas Cooperative operates under the authority of the Northwest Indiana Educational Service Center (Service

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

Center). The School Corporation provides funding for administrative costs based upon a percentage of the Average Daily Membership counts not to exceed \$10,000. Complete financial statements of the Gas Cooperative can be obtained from the Service Center Administration Offices, 2929 – 41st Street, Highland, IN 46322.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for planned construction, repair, replacement, or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The general obligation bond fund accounts for the proceeds from funds borrowed and expenditures for various capital improvement projects and the administrative and educational complexes.

The rainy day fund is used to account for funds in accordance with IC 36-1-8.5-1 and a locally adopted resolution.

Additionally, the School Corporation reports the following fund type:

The pension trust fund accounts for the resources for pension benefit payments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as facilities acquisition and construction disbursements of the fund upon acquisition.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as debt service disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
2. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

SCHOOL CITY OF WHITING
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash Balance Deficits

At June 30, 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2010
Afternoon Rocks	\$ 6,988
Education Technology	49,561
Title I	18,670
Special Education Stimulus	13,806

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to reimbursable grants or loans; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$9,100,061.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Rainy Day Fund	\$ -	\$ 92,000
Capital Projects Fund	Rainy Day Fund	-	700,094
Other Governmental Funds	General Fund	17,470	21,808
	Rainy Day Fund	-	375,655
	Other Governmental Funds	<u>50,952</u>	<u>26,320</u>
Totals		<u>\$ 68,422</u>	<u>\$ 1,215,877</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Tax Anticipation Warrants

Tax anticipation warrant outstanding balances as of June 30, 2009 and 2010, are detailed in the following schedule:

	Principal Outstanding July 1, 2008	New Loan Amount	Repayments	Principal Outstanding June 30, 2009
General Fund	\$ 2,835,000	\$ -	\$ 2,835,000	\$ -
Transportation Fund	172,000	288,000	172,000	288,000
Debt Service Fund	124,000	127,000	124,000	127,000
Capital Projects Fund	<u>883,000</u>	<u>1,312,000</u>	<u>883,000</u>	<u>1,312,000</u>
Totals	<u>\$ 4,014,000</u>	<u>\$ 1,727,000</u>	<u>\$ 4,014,000</u>	<u>\$ 1,727,000</u>

	Principal Outstanding July 1, 2009	New Loan Amount	Repayments	Principal Outstanding June 30, 2010
Transportation Fund	\$ 288,000	\$ 500,000	\$ 288,000	\$ 500,000
Debt Service Fund	127,000	-	127,000	-
Capital Projects Fund	<u>1,312,000</u>	<u>930,000</u>	<u>1,312,000</u>	<u>930,000</u>
Totals	<u>\$ 1,727,000</u>	<u>\$ 1,430,000</u>	<u>\$ 1,727,000</u>	<u>\$ 1,430,000</u>

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Temporary Interfund Loans

Temporary interfund loans for the year ended June 30, 2009 and 2010, were as follows:

Loan to	Loan From	Loans Outstanding July 1, 2008	Proceeds	Repayments	Loans Outstanding June 30, 2009
Afternoon Rocks Fund	General Fund	\$ 9,600	\$ -	\$ 9,600	\$ -
Afternoon Rocks Fund	General Fund	-	1,000	-	1,000
Totals		<u>\$ 9,600</u>	<u>\$ 1,000</u>	<u>\$ 9,600</u>	<u>\$ 1,000</u>

Loan to	Loan From	Loans Outstanding July 1, 2009	Proceeds	Repayments	Loans Outstanding June 30, 2010
Afternoon Rocks Fund	General Fund	\$ 1,000	\$ -	\$ 1,000	\$ -
Non-English Speaking Grant Fund	General Fund	-	3,000	3,000	-
Title I Fund	General Fund	-	30,000	30,000	-
Special Education Stimulus Fund	General Fund	-	27,000	27,000	-
Totals		<u>\$ 1,000</u>	<u>\$ 60,000</u>	<u>\$ 61,000</u>	<u>\$ -</u>

IV. Other Information

A. Risk Management

The School Corporation is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding post employment benefits). The risk financing fund is accounted for in the Health Insurance account where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess \$50,000 per person, per year and \$5,000,000 aggregate per year. Amounts are paid in the Health Insurance checking account that is separate from the corporation records by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Employee premiums are also paid into the Health Insurance checking account for their portion that is established by the School Board.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events

Reassessment and Property Taxes

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2010, as required. Therefore, the 2009 pay 2010 property tax rates and levies, as well as related budget orders for 2010, were not established. The County issued a provisional billing due May 10, 2010, based upon the 2008 pay 2009 tax rates. The 2009 pay 2010 tax rates and levies were established as of September 2010. The County sent reconciliation tax bills due November 30, 2010. The County distributed the 2009 pay 2010 final tax settlement on January 20, 2011.

Common School Loans

On October 6, 2010, and January 4, 2011, the School Corporation borrowed \$20,000 and \$98,400 respectively, from the State of Indiana Common School Fund as a long-term loan for computer equipment.

Tax Anticipation Warrants

In December 2010, the School Corporation approved to roll over the 2010 outstanding tax anticipation warrants with Centier Bank for the Transportation Operating and Capital Projects Funds for \$500,000 and \$930,000, respectively, since the county had not distributed the collected tax revenues.

In January 2011, the School Corporation borrowed 2011 tax anticipation warrants for the Transportation and Capital Projects Funds for \$516,000 and \$1,346,000, respectively.

C. Termination Benefits

Teachers/Administrators Early Retirement Benefit

An individual teacher/administrator may qualify for early retirement benefits from age 50 until the day they are eligible for reduced social security benefits. To qualify, he/she must have a minimum of 15 years of service in the School Corporation. The superintendent must have a minimum of 12 years of service in the School Corporation. The retiring teacher must indicate his/her intention to retire in writing to the superintendent prior to May 1st of the year previous to the teacher's last contractual year.

Upon retiring, the teacher qualified for early retirement benefits will receive \$10,000 per year in bi-weekly payments for 2 consecutive years, or until the date the retiree is eligible for reduced social security benefits, whichever occurs first. The first payment will start on the first pay of the next school year following retirement. No retired teachers or administrators received this benefit for the years 2008-2009 and 2009-2010.

Special One Time Retirement Supplement Offer for Teachers/Administrators not Eligible for Early Retirement

The School Corporation is extending a one-time Retirement Supplement Offer to qualifying employees who choose to retire at the end of 2006-2007, 2007-2008, or 2008-2009 school years.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation will extend the offer of a Retirement Supplement to all certified employees of the School Corporation who meet the eligibility requirements.

The eligibility requirements are as follows:

1. The teacher must have a minimum of 15 years of service in the School Corporation. The superintendent must have a minimum of 12 years of service in the School Corporation.
2. The teacher's age and years of service must satisfy the rule of 85 at the time of retirement. The teacher must be qualified for a full pension under the Indiana Teacher's Retirement Fund.
3. The retiring teacher must indicate his/her intention to retire in writing to the superintendent prior to May 1st of the year previous to the teacher's last contractual year.
4. The retiring teacher must not be eligible for the Early Retirement provisions provided in the Professional Negotiations Agreement.

Upon retiring, the teacher qualified for the one-time Retirement Supplement Offer will receive \$5,000 per year in bi-weekly payments for two consecutive years, or until the date the retiree is eligible for full social security benefits, whichever occurs first. The first payment will start on the first pay of the next school year following retirement. As of June 30, 2010, two retired teachers received \$14,615.41 for this benefit.

The offer is extended to a maximum of two certified teachers accepting this offer per year at the end of each of the school years. In the event more than two eligible employees indicate their intention to retire in the same year while this offer is in effect, then the two teachers with the most years teaching in the School Corporation will qualify.

Teacher/Administrator Severance Pay

Severance pay upon retirement shall be granted to eligible teacher/administrators. To be eligible for severance pay, a minimum of 15 years of employment in the School Corporation as a teacher is necessary and said eligible teacher may retire at the end of school year during which the teacher reaches age 50. The superintendent must have a minimum of 12 years of service in the School Corporation.

Retirement severance pay in the School Corporation is calculated by multiplying an amount of \$100 per day times the number of unused sick leave days the retiring person has accumulated.

If a teacher has used most of his/her sick days because of a major illness during the 10 years prior to his/her retirement, the teacher may select retirement severance pay computed at a rate of \$150 for each year of full-time service as a teacher in the School Corporation.

If a teacher is forced to retire as a result of ill health, accident, or other unforeseen event, and has not given notice as required, such notice may be waived by the school employer upon presentation of a doctor's certificate.

The teacher eligible for severance must be under contract to the School Corporation at the time of his/her request for severance.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

In case of permanent disability, verification of disability for severance pay purposes will be in accordance with I.S.T.R. Fund and Social Security Regulations, subject, however, to the 15 years employment in the School Corporation regulation. The superintendent must have a minimum of 12 years of service in the School Corporation. No retired teachers or administrators received this benefit as of June 30, 2010.

Payment of eligible teacher severance pay shall be made with 1/2 of the severance amount to be paid on the payroll of the last month of employment and with the remaining 1/2 payment to be paid during the first month of the year following retirement. At the option of the eligible teacher the severance payments may be made to the eligible teacher's deferred tax annuity, provided such annuity complies with prevailing federal and state tax laws. For the school year ended June 30, 2010, \$23,125 was paid to deferred tax annuities for two retirees.

If any teacher who would otherwise be eligible for this benefit dies in service, the benefit will be paid to his/her estate.

Support Staff Severance Program

Support staff will be eligible for severance pay if he or she has satisfied the following requirements:

1. The support staff has attained the age of 55.
2. The support staff has a minimum of 10 consecutive years experience with the School Corporation.
3. The support staff has resigned while in good standing.
4. The support staff has given the superintendent advance notice in writing by May 1st of the year preceding the resignation, including the reason for this resignation/severance.
5. The support staff has been categorized as a 12 month or contracted employee.

Severance pay shall be calculated at the rate of \$155 per year of service in the School Corporation, up to a maximum of 30 years. In addition, \$30 will be paid to the employee for each day of sick leave the employee has accumulated at retirement up to a maximum of 250 days. As of June 30, 2010, one person qualified and was paid \$5,065 under this benefit.

D. Other Postemployment Benefits

Teacher/Administrator Early Retirement Health Insurance

The Board will provide to the retiree who qualifies for early retirement benefits, single plan health insurance coverage at no cost until the retiree becomes eligible for Medicare. Or, if the retiree so chooses, a family plan may be purchased by the retiree paying the difference between the single plan and the family plan. No retired teachers or administrators received this benefit for the years 2008-2009 and 2009-2010.

Teacher/Administrator Health Insurance

The Board will provide to the retiree who qualifies for a full pension under the Indiana Teacher's Retirement Fund and who has a minimum of 15 years of service in the School Corporation, single plan health insurance coverage at no cost until the retiree becomes eligible for Medicare. The

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

superintendent must have a minimum of 12 years of service in the School Corporation. Or, if the retiree so chooses, a family plan may be purchased by the retiree paying the difference between the single plan and the family plan. As of June 30, 2010, the School Corporation paid \$58,091.88 for health insurance coverage for seven retirees.

Support Staff Post Employment Health Insurance

The School Corporation will pay the single premium for health insurance for any support staff employee who retires at or after the age of 62 and has worked a minimum of 10 consecutive years with the School Corporation. This benefit will terminate when the employee is eligible for Medicare. No retired support staff received this benefit.

Teacher/Administrator Post Employment Life Insurance

Upon retiring, the \$50,000 term life insurance provided to all teachers in Addendum I (Insurance) in the union agreement, shall be converted to a term policy with a face value of 25% of the original amount which will be in force for the life of the retiree. The Board will provide written notice of this insurance coverage to the retired teachers. As of June 30, 2010, the School Corporation paid \$45 for term life insurance for two retirees.

Support Staff Post Employment Life Insurance

If a support staff employee meets the severance eligibility, the School Corporation will pay the premium on a \$5,000 term life insurance policy for the duration of the employee's life. As of June 30, 2010, the School Corporation paid \$18 for two qualifying employees.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

PERF 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. The report may be obtained by contacting:

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$226,185.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy

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.

The School Corporation's contributions to the plan during the period were \$469,918.

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating Fund	Special Education Preschool	School Lunch	Textbook Rental	Safe Haven Grant	Parents as Teachers Donations
Receipts:						
Local sources	\$ 428,847	\$ 7,487	\$ 135,248	\$ 25,288	\$ -	\$ 10,000
State sources	-	18,869	2,302	53,975	1,000	-
Federal sources	-	-	289,757	-	-	-
Temporary loans	288,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	150	-	965	-	-	-
Total receipts	716,997	26,356	428,272	79,263	1,000	10,000
Disbursements:						
Current:						
Instruction	-	-	-	75,332	-	-
Support services	357,122	-	10,975	-	-	-
Noninstructional services	-	-	403,186	-	1,000	20,000
Facilities acquisition and construction	-	-	13,394	-	-	-
Debt services	172,000	-	-	-	-	-
Nonprogrammed charges	-	39,945	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	529,122	39,945	427,555	75,332	1,000	20,000
Excess (deficiency) of receipts over disbursements	187,875	(13,589)	717	3,931	-	(10,000)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	27,154	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	27,154	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	187,875	(13,589)	717	31,085	-	(10,000)
Cash and investments - beginning	254,322	24,047	138,550	85,906	-	31,000
Cash and investments - ending	\$ 442,197	\$ 10,458	\$ 139,267	\$ 116,991	\$ -	\$ 21,000
Cash and Investment Assets - Ending						
Cash and investments	\$ 442,197	\$ 10,458	\$ 139,267	\$ 116,991	\$ -	\$ 21,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 442,197	\$ 10,458	\$ 139,267	\$ 116,991	\$ -	\$ 21,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	442,197	10,458	139,267	116,991	-	21,000
Total cash and investment fund balance - ending	\$ 442,197	\$ 10,458	\$ 139,267	\$ 116,991	\$ -	\$ 21,000

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Afternoon Rocks	Buckley Wall of Fame Donation	Library Donation Fund	Bill Rebey Donation	Top Ten Dinner	Gifted and Talented Grant
Receipts:						
Local sources	\$ -	\$ 3,425	\$ 6,085	\$ -	\$ 458	\$ -
State sources	5,550	-	-	-	-	28,920
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	1,000	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	6,550	3,425	6,085	-	458	28,920
Disbursements:						
Current:						
Instruction	-	-	-	-	354	-
Support services	3,404	-	-	-	-	26,540
Noninstructional services	-	3,047	6,085	1,000	-	-
Facilities acquisition and construction	-	-	-	-	-	93
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	9,600	-	-	-	-	-
Total disbursements	13,004	3,047	6,085	1,000	354	26,633
Excess (deficiency) of receipts over disbursements	(6,454)	378	-	(1,000)	104	2,287
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,454)	378	-	(1,000)	104	2,287
Cash and investments - beginning	6,623	1,302	-	1,000	-	6,192
Cash and investments - ending	\$ 169	\$ 1,680	\$ -	\$ -	\$ 104	\$ 8,479
Cash and Investment Assets - Ending						
Cash and investments	\$ 169	\$ 1,680	\$ -	\$ -	\$ 104	\$ 8,479
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 169	\$ 1,680	\$ -	\$ -	\$ 104	\$ 8,479
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	169	1,680	-	-	104	8,479
Total cash and investment fund balance - ending	\$ 169	\$ 1,680	\$ -	\$ -	\$ 104	\$ 8,479

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Education Technology	Non-English Speaking Grant	Title I	Innovative Education Program Strategies	Safe and Drug-Free Schools and Communities	Improving Teacher Quality
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	21,586	-	-	-	-
Federal sources	-	-	278,705	-	3,856	47,597
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	21,586	278,705	-	3,856	47,597
Disbursements:						
Current:						
Instruction	-	23,228	259,783	-	-	-
Support services	20,000	-	909	46,211	2,965	23,061
Noninstructional services	-	-	21,360	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,331	539	1,724
Interfund loans	-	-	-	-	-	-
Total disbursements	20,000	23,228	282,052	48,542	3,504	24,785
Excess (deficiency) of receipts over disbursements	(20,000)	(1,642)	(3,347)	(48,542)	352	22,812
Other financing sources (uses):						
Proceeds of long-term debt	20,000	-	-	-	-	-
Transfers in	-	-	-	23,798	-	-
Transfers out	-	-	(17,470)	-	-	(23,798)
Total other financing sources (uses)	20,000	-	(17,470)	23,798	-	(23,798)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,642)	(20,817)	(24,744)	352	(986)
Cash and investments - beginning	-	4,634	28,392	24,744	3,092	3,555
Cash and investments - ending	\$ -	\$ 2,992	\$ 7,575	\$ -	\$ 3,444	\$ 2,569
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 2,992	\$ 7,575	\$ -	\$ 3,444	\$ 2,569
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,992	\$ 7,575	\$ -	\$ 3,444	\$ 2,569
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,992	7,575	-	3,444	2,569
Total cash and investment fund balance - ending	\$ -	\$ 2,992	\$ 7,575	\$ -	\$ 3,444	\$ 2,569

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	English Acquisition Grant	Fiscal Stabilization Grant	Debt Service	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 51,430	\$ 147,454	\$ 815,722
State sources	-	-	-	-	132,202
Federal sources	27,900	618,447	-	-	1,266,262
Temporary loans	-	-	127,000	-	415,000
Interfund loans	-	-	-	-	1,000
Other	-	-	-	-	1,115
Total receipts	27,900	618,447	178,430	147,454	2,631,301
Disbursements:					
Current:					
Instruction	-	-	-	-	358,697
Support services	24,445	-	-	46,868	562,500
Noninstructional services	-	-	-	-	455,678
Facilities acquisition and construction	-	-	-	-	13,487
Debt services	-	-	461,477	-	633,477
Nonprogrammed charges	-	618,447	-	-	662,986
Interfund loans	-	-	-	-	9,600
Total disbursements	24,445	618,447	461,477	46,868	2,696,425
Excess (deficiency) of receipts over disbursements	3,455	-	(283,047)	100,586	(65,124)
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	20,000
Transfers in	-	-	-	-	50,952
Transfers out	-	-	(27,154)	-	(68,422)
Total other financing sources (uses)	-	-	(27,154)	-	2,530
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,455	-	(310,201)	100,586	(62,594)
Cash and investments - beginning	-	-	639,470	53,256	1,306,085
Cash and investments - ending	<u>\$ 3,455</u>	<u>\$ -</u>	<u>\$ 329,269</u>	<u>\$ 153,842</u>	<u>\$ 1,243,491</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 3,455	\$ -	\$ -	\$ 153,842	\$ 914,222
Restricted assets:					
Cash and investments	-	-	329,269	-	329,269
Total cash and investment assets - ending	<u>\$ 3,455</u>	<u>\$ -</u>	<u>\$ 329,269</u>	<u>\$ 153,842</u>	<u>\$ 1,243,491</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ 329,269	\$ -	\$ 329,269
Unrestricted	3,455	-	-	153,842	914,222
Total cash and investment fund balance - ending	<u>\$ 3,455</u>	<u>\$ -</u>	<u>\$ 329,269</u>	<u>\$ 153,842</u>	<u>\$ 1,243,491</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Transportation Operating Fund	Special Education Preschool	School Lunch	Textbook Rental	Safe Haven Grant	Parents as Teachers Donations
Receipts:						
Local sources	\$ 622,141	\$ -	\$ 148,491	\$ 28,236	\$ -	\$ 5,000
State sources	-	8,250	2,324	53,094	-	-
Federal sources	-	-	355,378	-	-	-
Temporary loans	500,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	75	-	1,376	-	-	-
Total receipts	1,122,216	8,250	507,569	81,330	-	5,000
Disbursements:						
Current:						
Instruction	-	-	-	98,145	-	-
Support services	425,228	-	22,241	-	-	-
Noninstructional services	-	-	464,787	-	-	5,000
Facilities acquisition and construction	-	-	2,547	-	-	-
Debt services	288,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	713,228	-	489,575	98,145	-	5,000
Excess (deficiency) of receipts over disbursements	408,988	8,250	17,994	(16,815)	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	1,244	-	-
Transfers out	(375,655)	(18,708)	-	-	-	-
Total other financing sources (uses)	(375,655)	(18,708)	-	1,244	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,333	(10,458)	17,994	(15,571)	-	-
Cash and investments - beginning	442,197	10,458	139,267	116,991	-	21,000
Cash and investments - ending	\$ 475,530	\$ -	\$ 157,261	\$ 101,420	\$ -	\$ 21,000
Cash and Investment Assets - Ending						
Cash and investments	\$ 475,530	\$ -	\$ 157,261	\$ 101,420	\$ -	\$ 21,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 475,530	\$ -	\$ 157,261	\$ 101,420	\$ -	\$ 21,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	475,530	-	157,261	101,420	-	21,000
Total cash and investment fund balance - ending	\$ 475,530	\$ -	\$ 157,261	\$ 101,420	\$ -	\$ 21,000

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Afternoon Rocks	Buckley Wall of Fame Donation	Library Donation Fund	Bill Rebey Donation	Top Ten Dinner	Gifted and Talented Grant
Receipts:						
Local sources	\$ -	\$ 2,375	\$ -	\$ -	\$ 436	\$ -
State sources	5,250	-	-	-	-	28,972
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>5,250</u>	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>436</u>	<u>28,972</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	540	-
Support services	11,407	-	-	-	-	28,437
Noninstructional services	-	3,057	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	1,000	-	-	-	-	-
Total disbursements	<u>12,407</u>	<u>3,057</u>	<u>-</u>	<u>-</u>	<u>540</u>	<u>28,437</u>
Excess (deficiency) of receipts over disbursements	<u>(7,157)</u>	<u>(682)</u>	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>535</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,157)</u>	<u>(682)</u>	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>535</u>
Cash and investments - beginning	<u>169</u>	<u>1,680</u>	<u>-</u>	<u>-</u>	<u>104</u>	<u>8,478</u>
Cash and investments - ending	<u>\$ (6,988)</u>	<u>\$ 998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,013</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (6,988)	\$ 998	\$ -	\$ -	\$ -	\$ 9,013
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (6,988)</u>	<u>\$ 998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,013</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(6,988)	998	-	-	-	9,013
Total cash and investment fund balance - ending	<u>\$ (6,988)</u>	<u>\$ 998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,013</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Education Technology	Non-English Speaking Grant	School Technology Advancement Account Loan	Title I	Innovative Education Program Strategies	Safe and Drug-Free Schools and Communities
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	26,672	-	-	-	-
Federal sources	-	-	-	273,906	613	4,878
Temporary loans	-	-	-	-	-	-
Interfund loans	-	3,000	-	30,000	-	-
Other	-	-	-	-	-	-
Total receipts	-	29,672	-	303,906	613	4,878
Disbursements:						
Current:						
Instruction	-	27,383	-	282,052	-	-
Support services	222,561	-	20,000	-	613	30,163
Noninstructional services	-	-	-	15,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,861
Interfund loans	-	3,000	-	30,000	-	-
Total disbursements	222,561	30,383	20,000	327,052	613	32,024
Excess (deficiency) of receipts over disbursements	(222,561)	(711)	(20,000)	(23,146)	-	(27,146)
Other financing sources (uses):						
Proceeds of long-term debt	173,000	-	20,000	-	-	-
Transfers in	-	-	-	-	-	23,702
Transfers out	-	-	-	(3,100)	-	-
Total other financing sources (uses)	173,000	-	20,000	(3,100)	-	23,702
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,561)	(711)	-	(26,246)	-	(3,444)
Cash and investments - beginning	-	2,992	-	7,576	-	3,444
Cash and investments - ending	<u>\$ (49,561)</u>	<u>\$ 2,281</u>	<u>\$ -</u>	<u>\$ (18,670)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (49,561)	\$ 2,281	\$ -	\$ (18,670)	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (49,561)</u>	<u>\$ 2,281</u>	<u>\$ -</u>	<u>\$ (18,670)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(49,561)	2,281	-	(18,670)	-	-
Total cash and investment fund balance - ending	<u>\$ (49,561)</u>	<u>\$ 2,281</u>	<u>\$ -</u>	<u>\$ (18,670)</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Improving Teacher Quality	English Acquisition Grant	Fiscal Stabilization Grant	Title I Stimulus	Special Education Stimulus	Special Education Preschool Stimulus
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	47,405	16,720	192,333	51,011	91,775	8,549
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	27,000	-
Other	-	-	-	-	-	-
Total receipts	47,405	16,720	192,333	51,011	118,775	8,549
Disbursements:						
Current:						
Instruction	-	17,454	192,333	49,492	105,581	2,549
Support services	22,982	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	6,000
Debt services	-	-	-	-	-	-
Nonprogrammed charges	3,290	-	-	-	-	-
Interfund loans	-	-	-	-	27,000	-
Total disbursements	26,272	17,454	192,333	49,492	132,581	8,549
Excess (deficiency) of receipts over disbursements	21,133	(734)	-	1,519	(13,806)	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(23,702)	-	-	-	-	-
Total other financing sources (uses)	(23,702)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,569)	(734)	-	1,519	(13,806)	-
Cash and investments - beginning	2,569	3,455	-	-	-	-
Cash and investments - ending	\$ -	\$ 2,721	\$ -	\$ 1,519	\$ (13,806)	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,721	\$ -	\$ 1,519	\$ (13,806)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,721	\$ -	\$ 1,519	\$ (13,806)	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,721	-	1,519	(13,806)	-
Total cash and investment fund balance - ending	\$ -	\$ 2,721	\$ -	\$ 1,519	\$ (13,806)	\$ -

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Debt Service	Exempt Debt Service	School Bus Replacement	Construction Remodeling Equipment Fund	Totals
Receipts:					
Local sources	\$ 480,766	\$ 299,044	\$ 188,213	\$ -	\$ 1,774,702
State sources	15,000	10,000	-	-	149,562
Federal sources	-	-	-	-	1,042,568
Temporary loans	2,345	-	-	-	502,345
Interfund loans	-	-	-	-	60,000
Other	-	-	-	-	1,451
Total receipts	498,111	309,044	188,213	-	3,530,628
Disbursements:					
Current:					
Instruction	-	-	-	-	775,529
Support services	-	-	57,173	-	840,805
Noninstructional services	-	-	-	-	487,844
Facilities acquisition and construction	-	-	-	100,000	108,547
Debt services	270,265	218,932	-	-	777,197
Nonprogrammed charges	-	-	-	-	5,151
Interfund loans	-	-	-	-	61,000
Total disbursements	270,265	218,932	57,173	100,000	3,056,073
Excess (deficiency) of receipts over disbursements	227,846	90,112	131,040	(100,000)	474,555
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	100,000	293,000
Transfers in	-	1,374	-	-	26,320
Transfers out	(2,618)	-	-	-	(423,783)
Total other financing sources (uses)	(2,618)	1,374	-	100,000	(104,463)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	225,228	91,486	131,040	-	370,092
Cash and investments - beginning	329,269	-	153,842	-	1,243,491
Cash and investments - ending	<u>\$ 554,497</u>	<u>\$ 91,486</u>	<u>\$ 284,882</u>	<u>\$ -</u>	<u>\$ 1,613,583</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ 284,882	\$ -	\$ 967,600
Restricted assets:					
Cash and investments	554,497	91,486	-	-	645,983
Total cash and investment assets - ending	<u>\$ 554,497</u>	<u>\$ 91,486</u>	<u>\$ 284,882</u>	<u>\$ -</u>	<u>\$ 1,613,583</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ 554,497	\$ 91,486	\$ -	\$ -	\$ 645,983
Unrestricted	-	-	284,882	-	967,600
Total cash and investment fund balance - ending	<u>\$ 554,497</u>	<u>\$ 91,486</u>	<u>\$ 284,882</u>	<u>\$ -</u>	<u>\$ 1,613,583</u>

SCHOOL CITY OF WHITING
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 446,368
Buildings	29,288,181
Improvements other than buildings	2,642,813
Machinery and equipment	<u>1,345,438</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 33,722,800</u>

SCHOOL CITY OF WHITING
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 397,261	\$ 140,996
Bonds payable:		
General obligation bonds:		
2008 General obligation bond	<u>720,000</u>	<u>225,086</u>
Total governmental activities debt	<u>\$ 1,117,261</u>	<u>\$ 366,082</u>

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS

OMISSION OF HEALTH INSURANCE FUNDS AND SEGREGATION OF DUTIES

The School Corporation is self-insured for health insurance. The School Corporation has separate checking accounts for their health insurance activity. The checking account activity included deposits from the School Corporation from applicable funds either for the School Corporation portion of health insurance costs or the employee portion of health insurance premiums. The disbursements from the account are for the health insurance claims administered by a third party administrator. The activity for the account is maintained in a computerized worksheet (a commercially purchased computer software program). The checking account activity is not recorded in the School Corporation's official computer records (ledgers) or in the financial information submitted to the State on a semiannual basis. The cash balances at June 30, 2009, and June 30, 2010, were \$1,197,991.09 and \$1,270,131.96, respectively.

Additionally, we noted a lack of segregation of duties related to the health insurance account. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts, disbursements, and the cash balances of the health insurance accounts.

The payroll clerk is responsible for preparing and recording the deposits, recording the disbursements from the third party administrator, and reconciling the bank activity to the activity she has recorded in the worksheet for the health insurance accounts. The worksheets are commercially packaged software programs which allows the user to record transactions and make changes without audit trails. There is a lack of documentation available for audit to indicate that the responsibilities of the payroll clerk concerning the health insurance accounts have been reviewed.

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

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

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

AVERAGE DAILY MEMBERSHIP (ADM)

Records presented for audit for 2008-2009, to support the revised ADM claimed by the School Corporation were not certified by the principals of each school.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum

SCHOOL CITY OF WHITING
AUDIT RESULTS AND COMMENTS
(Continued)

include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003)

TRANSFER TUITION

The School Corporation accepts cash transfer tuition students. The transfer tuition charged by the School Corporation is a flat rate set by the School Board. The School Corporation does not charge transfer tuition based on the Transfer Tuition Statement - Form 515. A similar comment appeared in prior audit reports.

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

COLLECTION OF AMOUNTS DUE

The collection of delinquent textbook rental is not pursued by the School Corporation.

IC 20-33-5-11 states:

"(a) A school corporation may not: (1) withhold school books and supplies; (2) require any special services from a child; or (3) deny the child any benefit or privilege; because the parent fails to pay required fees.

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

INTERNAL CONTROLS - WHITING MIDDLE SCHOOL

Textbook rental fees are collected at the individual schools and remitted to the School Corporation. Extra-curricular treasurers are responsible for posting textbook rental payments to the student's account. Documentation, such as the Daily Fee Payment report which details the school, student, and day the textbook rental collections were posted to student accounts, was not presented for audit. We were unable to determine if the textbook rental collections received at the School and remitted to the School Corporation were in agreement with the amounts posted to the student accounts.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the School City of Whiting (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

As described in items 2010-2, 2010-3, 2010-4, and 2010-5 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding eligibility, reporting, and cash management that are applicable to its Child Nutrition Cluster, Special Education Cluster, and Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2009 and 2010.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2010-2, 2010-3, 2010-4, and 2010-5 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 24, 2011

SCHOOL CITY OF WHITING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 49,131	\$ 59,979
National School Lunch Program	10.555		238,591	296,075
Special Milk Program for Children	10.556		503	400
Summer Food Service Program for Children	10.559		10,661	18,442
			<u>298,886</u>	<u>374,896</u>
Total for federal grantor agency				
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-4760	56,392	-
Enter project in this cell		09-4760	243,130	36,255
		10-4760	-	293,896
			<u>299,522</u>	<u>330,151</u>
Total for program				
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-4760	-	49,492
			<u>299,522</u>	<u>379,643</u>
Total for cluster				
Pass-Through School City of East Chicago				
Special Education Cluster				
Special Education - Grants to States	84.027	FY08-09	171,986	-
Pass-Through School City of Hammond		FY09-10	-	193,956
Special Education - Grants to States			<u>171,986</u>	<u>193,956</u>
Total for program				
Special Education - Preschool Grants	84.173	FY09-10	-	4,492
ARRA - Special Education - Grants to States, Recovery Act	84.391		-	91,775
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		-	8,549
			<u>171,986</u>	<u>298,772</u>
Total for cluster				
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		618,447	192,333
Safe and Drug-Free Schools and Communities - State Grants	84.186	06-4760	934	-
		07-4760	2,159	-
		08-4760	412	3,444
		09-4760	-	28,580
			<u>3,505</u>	<u>32,024</u>
Total for program				
State Grants for Innovative Programs	84.298	07-4760	24,744	613
		08-4760	23,798	-
			<u>48,542</u>	<u>613</u>
Total for program				
English Language Acquisition Grants	84.365	FY08-09	24,445	3,455
		FY09-10	-	13,999
			<u>24,445</u>	<u>17,454</u>
Total for program				
Improving Teacher Quality State Grants	84.367	07-4760	3,555	-
		08-4760	45,028	2,569
		09-4760	-	47,405
			<u>48,583</u>	<u>49,974</u>
Total for program				
Total for federal grantor agency				
			<u>1,215,030</u>	<u>970,813</u>
Total federal awards expended			<u>\$ 1,513,916</u>	<u>\$ 1,345,709</u>

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

SCHOOL CITY OF WHITING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Gary Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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 the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 3,151	\$ 3,421
National School Lunch Program	10.555	15,184	16,818

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Noncompliance material to financial statements noted? yes

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs:
 Unqualified for State Fiscal Stabilization Fund Cluster
 Qualified for: Child Nutrition Cluster, Special Education Cluster, Title I, Part A Cluster

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

Identification of Major Programs:

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

OMISSION OF HEALTH INSURANCE FUNDS AND SEGREGATION OF DUTIES

The School Corporation is self-insured for health insurance. The School Corporation has separate checking accounts for their health insurance activity. The checking account activity included deposits from the School Corporation from applicable funds either for the School Corporation portion of health insurance costs or the employee portion of health insurance premiums. The disbursements from

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

the account are for the health insurance claims administered by a third party administrator. The activity for the account is maintained in a computerized worksheet (a commercially purchased computer software program). The checking account activity is not recorded in the School Corporation's official computer records (ledgers) or in the financial information submitted to the State on a semiannual basis. The cash balances at June 30, 2009, and June 30, 2010, were \$1,197,991.09 and \$1,270,131.96, respectively.

Additionally, we noted a lack of segregation of duties related to the health insurance account. Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not adequately separated incompatible activities related to receipts, disbursements, and the cash balances of the health insurance accounts.

The payroll clerk is responsible for preparing and recording the deposits, recording the disbursements from the third party administrator, and reconciling the bank activity to the activity she has recorded in the worksheet for the health insurance accounts. The worksheets are commercially packaged software programs which allows the user to record transactions and make changes without audit trails. There is a lack of documentation available for audit to indicate that the responsibilities of the payroll clerk concerning the health insurance accounts have been reviewed.

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

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

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2, ELIGIBILITY DETERMINATION

Federal Agency: U.S. Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Federal Program: School Nutrition Cluster
CFDA Numbers: 10.553, 10.555, 10.556, 10.559

The School Corporation determines which students are eligible to receive free and reduced priced meals during the application process, but controls have not been established to ensure errors made in the application process are detected. The School Corporation uses the federal income eligibility guidelines for the determination. The Indiana Department of Education on February 18, 2010, reviewed all the applications on file to determine whether households provided required information and whether the School Food Authority (SFA) properly approved applications. The review determined that nine students had incorrect applications.

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

EDGAR 80.40 (a) states:

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

We recommended the School Corporation implement procedures that will increase the accuracy of the eligibility determination.

FINDING 2010-3, REPORTING

Federal Agency: U.S. Department of Agriculture, U.S. Department of Education
Pass-Through Entity: Indiana Department of Education, School City of East Chicago,
School City of Hammond
Federal Program: School Nutrition Cluster, Special Education Cluster
CFDA Numbers: 10.553, 10.555, 10.556, 10.559, 84.027, 84.173, 84.391, 84.392

The 2008-2009 and 2009-2010 annual financial reports submitted to the Indiana Department of Education for school lunch activity did not agree with the School Corporation's financial records. The Annual Financial Report for the reporting period of July 1, 2008 to June 30, 2009, excluded \$7,049 in receipts and \$12,452 in disbursements when compared to the School Corporation's financial records. The Annual Financial Report for the reporting period of July 1, 2009 to June 30, 2010, excluded \$9,568 in receipts and \$14,768 in disbursements when compared to the School Corporation's financial records. The receipts and disbursements excluded from the Report represented the activity from the month of July for each of the reporting periods.

The School Corporation for the 2008-2009 and 2009-2010 school years, does not have a system in place for reviewing the financial reports to assure all periods are reported.

The School Corporation was awarded a Special Education – Grants to States FY 08-09 from the School City of East Chicago, and a Special Education – Grants to States FY 09-10 from the School City of Hammond. The pass-through entities (School City of East Chicago and School City of Hammond) are responsible for identifying to the subrecipient (School City of Whiting) the federal award information and applicable compliance requirements. They are also responsible for monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipients are in compliance with federal awards. Per inquiry of staff, there wasn't any written documentation provided by the School City of East Chicago or the School City of Hammond regarding compliance requirements. Additionally, documentation of monitoring activities such as reporting or site visits were not provided for audit. The School Corporation prepared proposed budgets submitted at the beginning of the grant application process, but did not complete any further reporting to the pass-through entities.

The School Corporation was not provided compliance information from the pass-through entities, so they did not establish controls to ensure compliance with any of the federal guidelines.

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

EDGAR 80.20(b)(1) states:

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

We recommended the School Corporation implement procedures that will increase the accuracy of the annual financial reports and to ensure compliance all other reporting requirements.

FINDING 2010-4, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Pass-Through Entity: School City of East Chicago
Federal Program: Special Education Cluster
CFDA Numbers: 84.027, 84.173, 84.391, 84.392

The School Corporation was awarded in January 2009, a Special Education – Grants to States FY 08-09 grant of \$171,986 from the School City of East Chicago without receiving notice of any compliance requirements. The School Corporation did not establish controls to ensure funds received were spent timely. Due to the lack of established controls and information from the pass-through entity, the School Corporation had excessive cash balances for three of the remaining six months for fiscal year 2008-2009. Excess cash balances ranged from \$6,686 to \$65,102.

EDGAR § 80.20 states in part:

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

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

We recommended School Corporation Officials request grant compliance guidelines from pass-through entities. The School Corporation should then establish controls to ensure compliance with those guidelines.

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

FINDING 2010-5, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Programs: Title I, Part A Cluster
CFDA Numbers: 84.010, 84.389
Award Numbers: 10-4760
Pass-Through Entity: Indiana Department of Education

2009-2010 ARRA Title I Grants to Local Educational Agencies, Recovery Act (ARRA Title I) (10-4760) grant funds, a cash drawdown request was not prepared per instructions from the Indiana Department of Education. Funds were distributed to the School Corporation beginning in October, 2009. Because the School Corporation could not request funds as needed, controls were not established to minimize the amount of cash held. Therefore, the School Corporation held excess cash in amounts ranging from \$543 to \$27,355.50.

Per the State's "Quarterly Project Expenditure Report" for Title I, excessive cash balances were defined as a cash balance at the end of any month that is greater than 10% of that month's expenditures. An amended cash request form must be submitted to reduce the next month's distribution in order to alleviate an excessive cash balance. Cash balances for each month should be zero (0) or as near zero as possible to receive next month's distribution.

The School Corporation did not have sufficient controls in place to ensure minimal cash balances were maintained.

Failure to minimize the cash on hand balances indicate noncompliance with cash management requirements established by federal agencies. The maintenance of excess cash balances for the ARRA funding, caused the School Corporation to remit interest earnings to the U.S. Department of Education.

EDGAR § 80.20 states in part:

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

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

Effective July 1, 2010, the Indiana Department of Education modified the grant process for their subrecipients. School corporations will no longer be requesting grant advances; instead, school corporations will be required to spend the funds necessitating reimbursements on funds already spent.

We recommended School Corporation Officials follow the new guidelines established by the Indiana Department of Education, requiring Title I funds to be reimbursed after the funds have been properly spent.

SCHOOL CITY OF WHITING
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable

SCHOOL CITY OF WHITING

1500 CENTER STREET
WHITING, INDIANA 46394

(219) 659-0656 • (219) 473-4008 FAX

SANDRA T. MARTINEZ, Ph.D.
SUPERINTENDENT OF SCHOOLS
Smartinez@ns.whiting.k12.in.us



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Shawn M. Turpin, Secretary
Anthony Borgo, Trustee
Kathleen Murzyn, Trustee

CORRECTIVE ACTION PLAN

Finding Number 2010-1, Omission of Health Insurance Funds/Segregation of Duties

Auditee Contact Person	Kim Pusateri
Title of Contact Person	Business Manager, School City of Whiting
Phone Number	219-659-0656 ext. 224

Date	January 27, 2011
------	------------------

Corrective Action Plan:

The Self Insurance Fund will be reported on the Bi-Annual Financial Report (Form 9) beginning 12/31/10.

The Self Insurance Fund bank reconciliation will be completed by the Business Manager in the future.

SCHOOL CITY OF WHITING

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WHITING, INDIANA 46394

(219) 659-0656 • (219) 473-4008 FAX

SANDRA T. MARTINEZ, Ph.D.
SUPERINTENDENT OF SCHOOLS
Smartinez@ns.whiting.k12.in.us



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CORRECTIVE ACTION PLAN

Finding Number 2010-2, ELIGIBILITY DETERMINATION

Federal Agency:	US Department of Agriculture
Pass-Through Entity:	Indiana Department of Agriculture
Federal Program:	School Nutrition Cluster
CFDA Numbers:	10.553, 10.555, 10.556, 10.559

Auditee Contact Person	Kim Pusateri
Title of Contact Person	Business Manager, School City of Whiting
Phone Number	219-659-0656 ext. 224

Date	January 27, 2011
------	------------------

Corrective Action Plan:

The Director of Food Service will assume responsibility for determining the eligibility for individual participation in the National School Lunch and Breakfast programs based on Federal guidelines.

A file will be maintained for Income Guidelines information that can be referred to by the auditors.

We will make every effort to make sure that verifications will be properly documented, and reports documenting the results of such verifications will be maintained for audit.

SCHOOL CITY OF WHITING

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(219) 659-0656 • (219) 473-4008 FAX

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SUPERINTENDENT OF SCHOOLS
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CORRECTIVE ACTION PLAN

Finding Number 2010-3, Reporting

Federal Agency: US Department of Agriculture, US Department of Education
Pass-Through Entity: Indiana Department of Agriculture, School City of East Chicago, and School City of Hammond
Federal Program: School Nutrition Cluster, Special Education Cluster
CFDA Numbers: 10.553, 10.555, 10.556, 10.559, 84.027, 84.173

Auditee Contact Person: Kim Pusateri
Title of Contact Person: Business Manager, School City of Whiting
Phone Number: 219-659-0656 ext. 224

Date: January 27, 2011

Corrective Action Plan:

The Director of Food Service will continue to complete the Annual Financial Report for School Lunch. The Business Manager has updated the spreadsheet that is submitted to the Director of Food Service monthly to run on a fiscal year.

The Director of Food Service will send a draft of the annual report to the Business Manager to verify the amounts are correct prior to submitting the report.

We are no longer sub recipients of the School City of East Chicago or School City of Hammond for the special education grant so the reporting is now completed directly at The School City of Whiting.

SCHOOL CITY OF WHITING

1500 CENTER STREET
WHITING, INDIANA 46394

(219) 659-0656 • (219) 473-4008 FAX

SANDRA T. MARTINEZ, Ph.D.
SUPERINTENDENT OF SCHOOLS
Smartinez@ns.whiting.k12.in.us



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Anthony Borgo, Trustee
Kathleen Murzyn, Trustee

CORRECTIVE ACTION PLAN

Finding Number 2010-4, Reporting

Federal Agency:	US Department of Education
Pass-Through Entity:	City of East Chicago
Federal Program:	Special Education Cluster
CFDA Numbers:	84.027, 84.173

Auditee Contact Person	Kim Pusateri
Title of Contact Person	Business Manager, School City of Whiting
Phone Number	219-659-0656 ext. 224

Date	January 27, 2011
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Corrective Action Plan:

We are no longer a sub recipient of the School City of East Chicago for the special education grant.

SCHOOL CITY OF WHITING

1500 CENTER STREET
WHITING, INDIANA 46394

(219) 659-0656 • (219) 473-4008 FAX

SANDRA T. MARTINEZ, Ph.D.
SUPERINTENDENT OF SCHOOLS
Smartinez@ns.whiting.k12.in.us



BOARD OF SCHOOL TRUSTEES

Lindy Fisher, President
Michael J. Toth, Vice President
Shawn M. Turpin, Secretary
Anthony Borgo, Trustee
Kathleen Murzyn, Trustee

CORRECTIVE ACTION PLAN

Finding Number 2010-5, Cash Management – Title I, Part A Cluster

Federal Agency:	US Department of Education
Pass-Through Entity:	Indiana Department of Education
Federal Program:	ARRA – Title I Grants to Local Educational Agencies Recovery Act
Award Numbers:	10-4760
CFDA Numbers:	84.389

Auditee Contact Person	Kim Pusateri
Title of Contact Person	Business Manager, School City of Whiting
Phone Number	219-659-0656 ext. 224

Date	January 27, 2011
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Corrective Action Plan:

Effective July 1, 2010 the grant process has been modified by the Indiana Department of Education. We are now required to spend the funds and submit monthly cash reimbursement reports.

Sandra Martinez
Superintendent
1/27/11

SCHOOL CITY OF WHITING
EXIT CONFERENCE

The contents of this report were discussed on January 27, 2011, with Dr. Sandra T. Martinez, Superintendent of Schools; Lindy Fisher, President of the School Board; and Kim Pusateri, Treasurer/Business Manager. The official response has been made a part of this report and may be found on page 56.

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**SCHOOL CITY OF WHITING
OFFICIAL RESPONSE
AUDIT PERIOD: July, 2008 – June, 2010**

I. Average Daily Membership

The STN Coordinator will be responsible for having principals certify the ADM original and all revisions to support the ADM count submitted by the school corporation.

II. Transfer Tuition

The district charges a nominal annual fee (\$75) to offset the capital costs incurred by the non-resident student.

III. Collection of Amounts Due

As a result of the current economic climate and the economic challenges faced by the Whiting community, the collection of delinquent textbook rental is handled internally and not contracted to a collection agent or agency.

IV. Internal Controls – Applies to Whiting Middle School

The recommendations of the State Board of Accounts to provide additional documentation for supporting the posting of textbook rental payments to the students' accounts will be addressed with the student management and financial software vendor.