

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PORTAGE TOWNSHIP SCHOOLS
PORTER COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/20/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance	Sharon Qualkenbush	07-01-09 to 06-30-12
Superintendent of Schools	Michael Berta	07-01-09 to 06-30-12
President of the School Board	Terry Hufford Glenda Owens	01-01-09 to 12-31-10 01-01-11 to 12-31-12



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the Portage Township Schools (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

February 15, 2012



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

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

We have audited the financial statement of the Portage Township Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 31, 2012. 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter 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 2011-01.

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

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

STATE BOARD OF ACCOUNTS

February 15, 2012

FINANCIAL STATEMENT

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

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 2,644,953	\$ 51,614,537	\$ 45,215,736	\$ (2,416,028)	\$ 6,627,726	\$ 50,990,689	\$ 49,960,374	\$ 66,564	\$ 7,724,605
Debt Service	1,274,895	11,192,367	9,089,062	(68,090)	3,310,110	6,808,589	6,354,027	(19,418)	3,745,254
Retirement/Severance Bond Debt Service	8,302	3,625,188	3,518,668	-	114,822	1,502,315	1,427,031	-	190,106
Capital Projects	1,370,001	13,764,344	8,923,345	13,100	6,224,100	5,688,547	7,163,555	(1,465,857)	3,283,235
School Transportation	1,016,199	8,633,397	4,310,194	375,339	5,714,741	4,424,902	5,377,598	(1,794,531)	2,967,514
School Bus Replacement	201,462	977,064	1,038,938	(3,134)	136,454	929,374	346,456	3,134	722,506
Special Education Preschool	148,230	97,329	97,625	(147,934)	-	-	-	-	-
Rainy Day	4,823,721	2,402,182	862,182	-	6,363,721	25,000	300,000	3,741,938	9,830,659
Retirement/Severance Bond	2,257,764	771	713	-	2,257,822	2,552	-	-	2,260,374
Post-Retirement/Severance Future Benefits	245,876	-	320,000	2,500,000	2,425,876	1,311	28,333	-	2,398,854
Construction	40,855	-	27,000	-	13,855	1,548,709	1,526,946	-	35,618
School Lunch	712,900	3,880,169	3,840,396	-	752,673	3,946,188	3,512,689	-	1,186,172
Textbook Rental	300,656	696,816	797,916	2,568	202,124	737,129	830,066	84,939	194,126
Clearing Control	129,752	12,294,434	12,206,689	-	217,497	21,893,893	21,156,602	-	954,788
Self-Insurance	5,137,205	7,982,185	7,929,341	-	5,190,049	643,206	2,314,554	-	3,518,701
Levy Excess	-	-	-	170,015	170,015	113,205	-	(170,015)	113,205
Adult Alternative Education	2,933	-	2,933	-	-	-	-	-	-
Alternative Education	-	3,912	-	-	3,912	1,048	2,500	-	2,460
SAFE School Haven	3,279	-	3,279	-	-	-	-	-	-
Kostel Donation	1,636	-	213	-	1,423	-	-	-	1,423
Little Bear	400	-	-	-	400	-	-	-	400
Adult Education Alliance Donations	-	16,001	11,262	-	4,739	6,991	11,730	-	-
CWI Donation Adult Education	-	-	-	-	-	44,618	42,062	-	2,556
Learning Center	3,734	33,111	30,253	-	6,592	-	6,592	-	-
Lake County Adult	-	16,240	-	-	16,240	-	16,240	-	-
Family Literacy Program	5,087	-	5,087	-	-	-	-	-	-
Porter County Community	63,523	-	56,614	-	6,909	2,007	8,916	-	-
Legacy Foundation	21,817	-	239	-	21,578	-	21,578	-	-
Wellness Program	1,056	-	-	-	1,056	-	-	-	1,056
Capable	24,298	12,650	4,955	-	31,993	12,232	44,225	-	-
Home Economics	1,031	-	-	-	1,031	-	-	-	1,031
Culinary Scholarship	8	100	-	-	108	285	-	-	393
Portage Township Education Foundation	7,143	13,196	6,727	-	13,612	-	12,501	-	1,111
Donations and Trust	41,978	18,009	21,696	-	38,291	47,543	24,986	-	60,848
Arcelormittal Professional	5,179	-	4,130	-	1,049	-	1,021	-	28
Arcelormittal Grant	-	16,700	-	-	16,700	-	16,646	-	54

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

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
High Ability Grant	18,358	-	18,358	-	-	-	-	-	-
High Ability Grant 2010	-	61,790	48,614	-	13,176	-	13,176	-	-
High Ability Grant 2011	-	-	-	-	-	60,863	41,642	-	19,221
Common School Loan	-	774,741	774,741	-	-	1,269,790	1,269,790	-	-
Drug Free Communities	497	3,500	-	(3,997)	-	-	-	-	-
Drug Free Communities 2007	-	-	-	2	2	-	2	-	-
Drug Free Communities 2008	-	-	176	495	319	-	319	-	-
Drug Free Communities 2009	-	-	3,500	3,500	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	-	29,432	24,147	-	5,285	-	5,285	-	-
Non-English Speaking	-	-	-	-	-	20,008	14,976	-	5,032
School Technology	10,003	187,102	197,105	-	-	91,743	91,743	-	-
Professional Development 2010	83,310	13,750	35,074	(52,608)	9,378	-	6,346	-	3,032
Professional Development 2009	-	-	30,626	52,608	21,982	-	21,982	-	-
Academy of Finance	11	-	-	-	11	-	-	-	11
Recycling Learning	-	540	486	-	54	-	-	-	54
Adult Education Workforce Development	7,917	-	2,832	-	5,085	-	5,085	-	-
Title I 2011 Distinguished School	-	-	-	-	-	25,000	21,177	-	3,823
Title I 2009/10	214,093	1,205,243	1,302,714	-	116,622	118,949	235,571	-	-
Title I 2010/11	-	-	-	-	-	973,578	932,191	-	41,387
Title V Part A 07-09	5,894	-	5,894	-	-	-	-	-	-
Adult Education and Family Literacy Grant	-	-	-	-	-	96,828	96,828	-	-
Adult Education Outreach	3,219	28,000	24,538	-	6,681	-	6,681	-	-
Adult Education Job Works	-	-	-	-	-	8,834	6,569	-	2,265
Adult Education Comprehensive Grant	15,560	333,269	333,273	-	15,556	-	15,556	-	-
Title IV Safe and Drug Free Schools 2007/08	6,224	-	5,613	-	611	-	611	-	-
Title IV Safe and Drug Free Schools 2008/09	-	24,280	11,724	-	12,556	-	12,556	-	-
Title IV Safe and Drug Free Schools 2009/10	-	-	-	-	-	8,500	4,951	-	3,549
Adult Education English Literacy	2,079	33,002	35,081	-	-	-	-	-	-
Adult Education El Civics	-	-	-	-	-	33,000	33,000	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	51,228	305,571	356,799	-	-	55,621	55,621	-	-
Title II Part A Improving Teacher Quality 2011	-	-	-	-	-	289,336	305,134	-	(15,798)
Title III, Language Instruction	-	24,380	23,897	-	483	5,000	5,483	-	-
Title III LEP 2010/11	-	-	-	-	-	26,880	26,482	-	398
Fiscal Stabilization - Education	4,123,938	1,717,135	5,841,073	-	-	-	-	-	-
Title I - Grants to LEAs	-	610,057	441,363	-	168,694	121,472	281,393	-	8,773
Special Education - Part B	-	296,835	296,835	-	-	146,123	146,123	-	-
Totals	\$ 25,038,204	\$ 122,939,329	\$ 108,139,656	\$ 425,836	\$ 40,263,713	\$ 102,721,858	\$ 104,163,501	\$ 446,754	\$ 39,268,824

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,644,953	\$ 1,274,895	\$ 8,302	\$ 1,370,001	\$ 1,016,199	\$ 201,462	\$ 148,230	\$ 4,823,721	\$ 2,257,764
Receipts:									
Local sources	3,755,554	11,192,367	2,224,250	8,381,451	6,654,071	549,440	-	-	771
State sources	47,753,719	-	-	-	-	-	97,329	-	-
Federal sources	66,948	-	-	-	-	-	-	-	-
Temporary loans	-	-	1,038,756	5,367,488	1,575,863	327,624	-	-	-
Interfund loans	-	-	362,182	-	400,000	100,000	-	2,402,182	-
Other	38,316	-	-	15,405	3,463	-	-	-	-
Total receipts	<u>51,614,537</u>	<u>11,192,367</u>	<u>3,625,188</u>	<u>13,764,344</u>	<u>8,633,397</u>	<u>977,064</u>	<u>97,329</u>	<u>2,402,182</u>	<u>771</u>
Disbursements:									
Current:									
Instruction	24,582,357	-	-	-	-	-	-	-	-
Support services	16,029,884	-	-	1,455,512	3,845,925	260,788	-	-	713
Noninstructional services	524,172	-	-	-	-	-	-	-	-
Facilities acquisition and construction	75,339	-	-	3,378,967	-	-	-	-	-
Debt services	-	9,089,062	2,466,486	3,388,866	64,269	528,150	-	-	-
Nonprogrammed charges	4,003,984	-	-	-	-	-	97,625	-	-
Interfund loans	-	-	1,052,182	700,000	400,000	250,000	-	862,182	-
Total disbursements	<u>45,215,736</u>	<u>9,089,062</u>	<u>3,518,668</u>	<u>8,923,345</u>	<u>4,310,194</u>	<u>1,038,938</u>	<u>97,625</u>	<u>862,182</u>	<u>713</u>
Excess (deficiency) of receipts over disbursements	<u>6,398,801</u>	<u>2,103,305</u>	<u>106,520</u>	<u>4,840,999</u>	<u>4,323,203</u>	<u>(61,874)</u>	<u>(296)</u>	<u>1,540,000</u>	<u>58</u>
Other financing sources (uses):									
Sale of capital assets	2,602	-	-	17,947	405,287	-	-	-	-
Transfers in	147,934	-	-	-	-	-	-	-	-
Transfers out	(2,566,564)	(68,090)	-	(4,847)	(29,948)	(3,134)	(147,934)	-	-
Total other financing sources (uses)	<u>(2,416,028)</u>	<u>(68,090)</u>	<u>-</u>	<u>13,100</u>	<u>375,339</u>	<u>(3,134)</u>	<u>(147,934)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,982,773</u>	<u>2,035,215</u>	<u>106,520</u>	<u>4,854,099</u>	<u>4,698,542</u>	<u>(65,008)</u>	<u>(148,230)</u>	<u>1,540,000</u>	<u>58</u>
Cash and investments - ending	<u>\$ 6,627,726</u>	<u>\$ 3,310,110</u>	<u>\$ 114,822</u>	<u>\$ 6,224,100</u>	<u>\$ 5,714,741</u>	<u>\$ 136,454</u>	<u>\$ -</u>	<u>\$ 6,363,721</u>	<u>\$ 2,257,822</u>

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Clearing Control	Self- Insurance	Levy Excess	Adult Alternative Education	Alternative Education
Cash and investments - beginning	\$ 245,876	\$ 40,855	\$ 712,900	\$ 300,656	\$ 129,752	\$ 5,137,205	\$ -	\$ 2,933	\$ -
Receipts:									
Local sources	-	-	1,300,018	433,666	-	7,974,742	-	-	-
State sources	-	-	31,645	263,150	-	-	-	-	3,912
Federal sources	-	-	2,548,506	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	12,294,434	7,443	-	-	-
Total receipts	-	-	3,880,169	696,816	12,294,434	7,982,185	-	-	3,912
Disbursements:									
Current:									
Instruction	320,000	-	-	-	-	68,876	-	2,933	-
Support services	-	-	25,813	797,916	-	5,788	-	-	-
Noninstructional services	-	-	3,814,583	-	-	-	-	-	-
Facilities acquisition and construction	-	27,000	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	12,206,689	7,854,677	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	320,000	27,000	3,840,396	797,916	12,206,689	7,929,341	-	2,933	-
Excess (deficiency) of receipts over disbursements	(320,000)	(27,000)	39,773	(101,100)	87,745	52,844	-	(2,933)	3,912
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	2,500,000	-	-	2,568	-	-	170,015	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,500,000	-	-	2,568	-	-	170,015	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,180,000	(27,000)	39,773	(98,532)	87,745	52,844	170,015	(2,933)	3,912
Cash and investments - ending	\$ 2,425,876	\$ 13,855	\$ 752,673	\$ 202,124	\$ 217,497	\$ 5,190,049	\$ 170,015	\$ -	\$ 3,912

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	SAFE School Haven	Kostel Donation	Little Bear	Adult Education Alliance Donations	Learning Center	Lake County Adult	Family Literacy Program	Porter County Community	Legacy Foundation
Cash and investments - beginning	\$ 3,279	\$ 1,636	\$ 400	\$ -	\$ 3,734	\$ -	\$ 5,087	\$ 63,523	\$ 21,817
Receipts:									
Local sources	-	-	-	16,001	33,111	16,240	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	16,001	33,111	16,240	-	-	-
Disbursements:									
Current:									
Instruction	3,279	213	-	8,293	30,253	-	5,087	56,456	239
Support services	-	-	-	2,969	-	-	-	158	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,279	213	-	11,262	30,253	-	5,087	56,614	239
Excess (deficiency) of receipts over disbursements	(3,279)	(213)	-	4,739	2,858	16,240	(5,087)	(56,614)	(239)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,279)	(213)	-	4,739	2,858	16,240	(5,087)	(56,614)	(239)
Cash and investments - ending	\$ -	\$ 1,423	\$ 400	\$ 4,739	\$ 6,592	\$ 16,240	\$ -	\$ 6,909	\$ 21,578

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Wellness Program	Capable	Home Economics	Culinary Scholarship	Portage Township Education Foundation	Donations and Trust	Arcelormittal Professional	Arcelormittal Grant	High Ability Grant
Cash and investments - beginning	\$ 1,056	\$ 24,298	\$ 1,031	\$ 8	\$ 7,143	\$ 41,978	\$ 5,179	\$ -	\$ 18,358
Receipts:									
Local sources	-	12,650	-	100	13,196	18,009	-	16,700	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	12,650	-	100	13,196	18,009	-	16,700	-
Disbursements:									
Current:									
Instruction	-	4,955	-	-	6,727	20,487	-	-	18,358
Support services	-	-	-	-	-	4	4,130	-	-
Noninstructional services	-	-	-	-	-	1,205	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,955	-	-	6,727	21,696	4,130	-	18,358
Excess (deficiency) of receipts over disbursements	-	7,695	-	100	6,469	(3,687)	(4,130)	16,700	(18,358)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,695	-	100	6,469	(3,687)	(4,130)	16,700	(18,358)
Cash and investments - ending	\$ 1,056	\$ 31,993	\$ 1,031	\$ 108	\$ 13,612	\$ 38,291	\$ 1,049	\$ 16,700	\$ -

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	High Ability Grant 2010	Common School Loan	Drug Free Communities	Drug Free Communities 2007	Drug Free Communities 2008	Drug Free Communities 2009	Non-English Speaking Programs P.L. 273-1999	School Technology	Professional Development 2010
Cash and investments - beginning	\$ -	\$ -	\$ 497	\$ -	\$ -	\$ -	\$ -	\$ 10,003	\$ 83,310
Receipts:									
Local sources	-	-	-	-	-	-	-	187,102	-
State sources	61,790	774,741	3,500	-	-	-	29,432	-	13,750
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	61,790	774,741	3,500	-	-	-	29,432	187,102	13,750
Disbursements:									
Current:									
Instruction	48,614	-	-	-	176	3,500	24,147	-	35,074
Support services	-	774,741	-	-	-	-	-	197,105	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	48,614	774,741	-	-	176	3,500	24,147	197,105	35,074
Excess (deficiency) of receipts over disbursements	13,176	-	3,500	-	(176)	(3,500)	5,285	(10,003)	(21,324)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	2	495	3,500	-	-	-
Transfers out	-	-	(3,997)	-	-	-	-	-	(52,608)
Total other financing sources (uses)	-	-	(3,997)	2	495	3,500	-	-	(52,608)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,176	-	(497)	2	319	-	5,285	(10,003)	(73,932)
Cash and investments - ending	\$ 13,176	\$ -	\$ -	\$ 2	\$ 319	\$ -	\$ 5,285	\$ -	\$ 9,378

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Professional Development 2009	Academy of Finance	Recycling Learning	Adult Education Workforce Development	Title I 2009/10	Title V Part A 07-09	Adult Education Outreach	Adult Education Comprehensive Grant	Title IV Safe and Drug Free Schools 2007/08
Cash and investments - beginning	\$ -	\$ 11	\$ -	\$ 7,917	\$ 214,093	\$ 5,894	\$ 3,219	\$ 15,560	\$ 6,224
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	540	-	-	-	-	-	-
Federal sources	-	-	-	-	1,205,243	-	28,000	333,269	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	540	-	1,205,243	-	28,000	333,269	-
Disbursements:									
Current:									
Instruction	30,626	-	486	-	1,107,284	-	17,860	127,410	-
Support services	-	-	-	2,832	181,010	5,894	1,382	155,293	5,613
Noninstructional services	-	-	-	-	14,420	-	5,296	44,570	-
Facilities acquisition and construction	-	-	-	-	-	-	-	6,000	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	30,626	-	486	2,832	1,302,714	5,894	24,538	333,273	5,613
Excess (deficiency) of receipts over disbursements	(30,626)	-	54	(2,832)	(97,471)	(5,894)	3,462	(4)	(5,613)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	52,608	-	-	-	107,530	-	-	-	-
Transfers out	-	-	-	-	(107,530)	-	-	-	-
Total other financing sources (uses)	52,608	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,982	-	54	(2,832)	(97,471)	(5,894)	3,462	(4)	(5,613)
Cash and investments - ending	\$ 21,982	\$ 11	\$ 54	\$ 5,085	\$ 116,622	\$ -	\$ 6,681	\$ 15,556	\$ 611

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title IV Safe and Drug Free Schools 2008/09	Adult Education English Literacy	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Totals
Cash and investments - beginning	\$ -	\$ 2,079	\$ 51,228	\$ -	\$ 4,123,938	\$ -	\$ -	\$ 25,038,204
Receipts:								
Local sources	-	-	-	-	-	-	-	42,779,439
State sources	-	-	-	-	-	-	-	49,033,508
Federal sources	24,280	33,002	305,571	24,380	1,717,135	610,057	296,835	7,193,226
Temporary loans	-	-	-	-	-	-	-	8,309,731
Interfund loans	-	-	-	-	-	-	-	3,264,364
Other	-	-	-	-	-	-	-	12,359,061
Total receipts	<u>24,280</u>	<u>33,002</u>	<u>305,571</u>	<u>24,380</u>	<u>1,717,135</u>	<u>610,057</u>	<u>296,835</u>	<u>122,939,329</u>
Disbursements:								
Current:								
Instruction	-	17,389	-	23,897	5,841,073	252,110	296,493	32,954,652
Support services	11,724	1,470	356,799	-	-	184,180	342	24,307,985
Noninstructional services	-	16,222	-	-	-	5,073	-	4,425,541
Facilities acquisition and construction	-	-	-	-	-	-	-	3,487,306
Debt services	-	-	-	-	-	-	-	15,536,833
Nonprogrammed charges	-	-	-	-	-	-	-	24,162,975
Interfund loans	-	-	-	-	-	-	-	3,264,364
Total disbursements	<u>11,724</u>	<u>35,081</u>	<u>356,799</u>	<u>23,897</u>	<u>5,841,073</u>	<u>441,363</u>	<u>296,835</u>	<u>108,139,656</u>
Excess (deficiency) of receipts over disbursements	<u>12,556</u>	<u>(2,079)</u>	<u>(51,228)</u>	<u>483</u>	<u>(4,123,938)</u>	<u>168,694</u>	<u>-</u>	<u>14,799,673</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	425,836
Transfers in	-	-	-	-	-	-	-	2,984,652
Transfers out	-	-	-	-	-	-	-	(2,984,652)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,836</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>12,556</u>	<u>(2,079)</u>	<u>(51,228)</u>	<u>483</u>	<u>(4,123,938)</u>	<u>168,694</u>	<u>-</u>	<u>15,225,509</u>
Cash and investments - ending	<u>\$ 12,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483</u>	<u>\$ -</u>	<u>\$ 168,694</u>	<u>\$ -</u>	<u>\$ 40,263,713</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 6,627,726	\$ 3,310,110	\$ 114,822	\$ 6,224,100	\$ 5,714,741	\$ 136,454	\$ 6,363,721	\$ 2,257,822	\$ 2,425,876	\$ 13,855
Receipts:										
Local sources	1,807,561	6,753,680	1,502,315	5,634,048	4,409,811	629,374	-	2,552	1,311	1,548,709
State sources	49,054,519	54,909	-	-	-	-	-	-	-	-
Federal sources	67,832	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	300,000	25,000	-	-	-
Other	60,777	-	-	54,499	15,091	-	-	-	-	-
Total receipts	50,990,689	6,808,589	1,502,315	5,688,547	4,424,902	929,374	25,000	2,552	1,311	1,548,709
Disbursements:										
Current:										
Instruction	28,755,463	-	-	-	-	-	-	-	-	-
Support services	15,129,140	-	-	2,418,500	3,866,004	-	-	-	28,333	-
Noninstructional services	535,286	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	2,766,433	-	-	-	-	-	1,526,946
Debt services	-	6,354,027	1,427,031	1,978,622	1,511,594	321,456	-	-	-	-
Nonprogrammed charges	5,540,485	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	25,000	300,000	-	-	-
Total disbursements	49,960,374	6,354,027	1,427,031	7,163,555	5,377,598	346,456	300,000	-	28,333	1,526,946
Excess (deficiency) of receipts over disbursements	1,030,315	454,562	75,284	(1,475,008)	(952,696)	582,918	(275,000)	2,552	(27,022)	21,763
Other financing sources (uses):										
Sale of capital assets	-	-	-	1,233	445,521	-	-	-	-	-
Transfers in	66,564	65,521	-	4,847	29,948	3,134	3,741,938	-	-	-
Transfers out	-	(84,939)	-	(1,471,937)	(2,270,000)	-	-	-	-	-
Total other financing sources (uses)	66,564	(19,418)	-	(1,465,857)	(1,794,531)	3,134	3,741,938	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,096,879	435,144	75,284	(2,940,865)	(2,747,227)	586,052	3,466,938	2,552	(27,022)	21,763
Cash and investments - ending	\$ 7,724,605	\$ 3,745,254	\$ 190,106	\$ 3,283,235	\$ 2,967,514	\$ 722,506	\$ 9,830,659	\$ 2,260,374	\$ 2,398,854	\$ 35,618

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

	School Lunch	Textbook Rental	Clearing Control	Self- Insurance	Levy Excess	Alternative Education	Kostel Donation	Little Bear	Adult Education Alliance Donations
Cash and investments - beginning	\$ 752,673	\$ 202,124	\$ 217,497	\$ 5,190,049	\$ 170,015	\$ 3,912	\$ 1,423	\$ 400	\$ 4,739
Receipts:									
Local sources	1,597,588	451,606	-	643,206	113,205	-	-	-	6,991
State sources	30,807	285,043	-	-	-	1,048	-	-	-
Federal sources	2,317,793	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	480	21,893,893	-	-	-	-	-	-
Total receipts	3,946,188	737,129	21,893,893	643,206	113,205	1,048	-	-	6,991
Disbursements:									
Current:									
Instruction	-	-	-	69,142	-	2,500	-	-	10,730
Support services	24,680	830,066	-	6,228	-	-	-	-	1,000
Noninstructional services	3,488,009	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	21,156,602	2,239,184	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,512,689	830,066	21,156,602	2,314,554	-	2,500	-	-	11,730
Excess (deficiency) of receipts over disbursements	433,499	(92,937)	737,291	(1,671,348)	113,205	(1,452)	-	-	(4,739)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	84,939	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(170,015)	-	-	-	-
Total other financing sources (uses)	-	84,939	-	-	(170,015)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	433,499	(7,998)	737,291	(1,671,348)	(56,810)	(1,452)	-	-	(4,739)
Cash and investments - ending	\$ 1,186,172	\$ 194,126	\$ 954,788	\$ 3,518,701	\$ 113,205	\$ 2,460	\$ 1,423	\$ 400	\$ -

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

	CWI Donation Adult Education	Learning Center	Lake County Adult	Porter County Community	Legacy Foundation	Wellness Program	Capable	Home Economics	Culinary Scholarship
Cash and investments - beginning	\$ -	\$ 6,592	\$ 16,240	\$ 6,909	\$ 21,578	\$ 1,056	\$ 31,993	\$ 1,031	\$ 108
Receipts:									
Local sources	-	-	-	2,007	-	-	12,232	-	285
State sources	-	-	-	-	-	-	-	-	-
Federal sources	44,618	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	44,618	-	-	2,007	-	-	12,232	-	285
Disbursements:									
Current:									
Instruction	42,062	6,592	16,240	8,916	21,578	-	44,225	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	42,062	6,592	16,240	8,916	21,578	-	44,225	-	-
Excess (deficiency) of receipts over disbursements	2,556	(6,592)	(16,240)	(6,909)	(21,578)	-	(31,993)	-	285
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,556	(6,592)	(16,240)	(6,909)	(21,578)	-	(31,993)	-	285
Cash and investments - ending	\$ 2,556	\$ -	\$ -	\$ -	\$ -	\$ 1,056	\$ -	\$ 1,031	\$ 393

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

	Portage Township Education Foundation	Donations and Trust	Arcelormittal Professional	Arcelormittal Grant	High Ability Grant 2010	High Ability Grant 2011	Common School Loan	Drug Free Communities 2007	Drug Free Communities 2008
Cash and investments - beginning	\$ 13,612	\$ 38,291	\$ 1,049	\$ 16,700	\$ 13,176	\$ -	\$ -	\$ 2	\$ 319
Receipts:									
Local sources	-	47,543	-	-	-	-	-	-	-
State sources	-	-	-	-	-	60,863	1,269,790	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	47,543	-	-	-	60,863	1,269,790	-	-
Disbursements:									
Current:									
Instruction	12,501	23,020	-	16,646	13,176	41,642	-	2	319
Support services	-	1,966	1,021	-	-	-	1,269,790	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	12,501	24,986	1,021	16,646	13,176	41,642	1,269,790	2	319
Excess (deficiency) of receipts over disbursements	(12,501)	22,557	(1,021)	(16,646)	(13,176)	19,221	-	(2)	(319)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,501)	22,557	(1,021)	(16,646)	(13,176)	19,221	-	(2)	(319)
Cash and investments - ending	\$ 1,111	\$ 60,848	\$ 28	\$ 54	\$ -	\$ 19,221	\$ -	\$ -	\$ -

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

	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking	School Technology	Professional Development 2010	Professional Development 2009	Academy of Finance	Recycling Learning	Adult Education Workforce Development	Title I 2011 Distinguished School
Cash and investments - beginning	\$ 5,285	\$ -	\$ -	\$ 9,378	\$ 21,982	\$ 11	\$ 54	\$ 5,085	\$ -
Receipts:									
Local sources	-	-	86,975	-	-	-	-	-	-
State sources	-	20,008	4,768	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	25,000
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	20,008	91,743	-	-	-	-	-	25,000
Disbursements:									
Current:									
Instruction	5,285	14,976	-	6,346	21,982	-	-	-	15,410
Support services	-	-	91,743	-	-	-	-	5,085	5,767
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	5,285	14,976	91,743	6,346	21,982	-	-	5,085	21,177
Excess (deficiency) of receipts over disbursements	(5,285)	5,032	-	(6,346)	(21,982)	-	-	(5,085)	3,823
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,285)	5,032	-	(6,346)	(21,982)	-	-	(5,085)	3,823
Cash and investments - ending	\$ -	\$ 5,032	\$ -	\$ 3,032	\$ -	\$ 11	\$ 54	\$ -	\$ 3,823

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

	Title I 2009/10	Title I 2010/11	Adult Education and Family Literacy Grant	Adult Education Outreach	Adult Education Job Works	Adult Education Comprehensive Grant	Title IV Safe and Drug Free Schools 2007/08	Title IV Safe and Drug Free Schools 2008/09	Title IV Safe and Drug Free Schools 2009/10
Cash and investments - beginning	\$ 116,622	\$ -	\$ -	\$ 6,681	\$ -	\$ 15,556	\$ 611	\$ 12,556	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	118,949	973,578	96,828	-	8,834	-	-	-	8,500
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>118,949</u>	<u>973,578</u>	<u>96,828</u>	<u>-</u>	<u>8,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,500</u>
Disbursements:									
Current:									
Instruction	182,953	822,207	39,594	4,881	6,569	10,951	-	-	-
Support services	48,783	105,136	34,239	-	-	4,605	611	12,556	4,035
Noninstructional services	3,835	4,848	22,995	1,800	-	-	-	-	916
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>235,571</u>	<u>932,191</u>	<u>96,828</u>	<u>6,681</u>	<u>6,569</u>	<u>15,556</u>	<u>611</u>	<u>12,556</u>	<u>4,951</u>
Excess (deficiency) of receipts over disbursements	<u>(116,622)</u>	<u>41,387</u>	<u>-</u>	<u>(6,681)</u>	<u>2,265</u>	<u>(15,556)</u>	<u>(611)</u>	<u>(12,556)</u>	<u>3,549</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(116,622)</u>	<u>41,387</u>	<u>-</u>	<u>(6,681)</u>	<u>2,265</u>	<u>(15,556)</u>	<u>(611)</u>	<u>(12,556)</u>	<u>3,549</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 41,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,549</u>

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

	Adult Education English Literacy	Adult Education EI Civics	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A Improving Teacher Quality 2011	Title III, Language Instruction	Title III LEP 2010/11	Title I - Grants to LEAs	Special Education - Part B	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 483	\$ -	\$ 168,694	\$ -	\$ 40,263,713
Receipts:									
Local sources	-	-	-	-	-	-	-	-	25,250,999
State sources	-	-	-	-	-	-	-	-	50,781,755
Federal sources	-	33,000	55,621	289,336	5,000	26,880	121,472	146,123	4,339,364
Interfund loans	-	-	-	-	-	-	-	-	325,000
Other	-	-	-	-	-	-	-	-	22,024,740
Total receipts	-	33,000	55,621	289,336	5,000	26,880	121,472	146,123	102,721,858
Disbursements:									
Current:									
Instruction	-	12,028	-	-	5,483	25,769	237,435	57,804	30,554,427
Support services	-	1,650	55,621	305,134	-	713	43,115	88,319	24,383,840
Noninstructional services	-	19,322	-	-	-	-	843	-	4,077,854
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,293,379
Debt services	-	-	-	-	-	-	-	-	11,592,730
Nonprogrammed charges	-	-	-	-	-	-	-	-	28,936,271
Interfund loans	-	-	-	-	-	-	-	-	325,000
Total disbursements	-	33,000	55,621	305,134	5,483	26,482	281,393	146,123	104,163,501
Excess (deficiency) of receipts over disbursements	-	-	-	(15,798)	(483)	398	(159,921)	-	(1,441,643)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	446,754
Transfers in	-	-	-	-	-	-	-	-	3,996,891
Transfers out	-	-	-	-	-	-	-	-	(3,996,891)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	446,754
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(15,798)	(483)	398	(159,921)	-	(994,889)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (15,798)	\$ -	\$ 398	\$ 8,773	\$ -	\$ 39,268,824

PORTAGE TOWNSHIP SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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.

	Ending Balance
Other:	
Capital assets, not being depreciated:	
Land	\$ 38,636,500
Buildings	116,372,732
Improvements other than buildings	5,561,221
Machinery and equipment	22,056,187
Construction in progress	21,200
Total capital assets not being depreciated	\$ 182,647,840

PORTAGE TOWNSHIP SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Building Corporation Leases	\$ 55,262,927	\$ 5,120,000
Facilities Lease	43,010	43,010
Vehicle Lease	1,008,543	321,528
Copier Leases	69,554	69,960
Notes and loans payable:		
Common School Fund Loans	1,669,069	1,254,469
Bonds payable:		
General obligation bonds:		
Pension Bond Series 2002	3,660,000	377,131
Pension Bond Series 2006	<u>7,115,000</u>	<u>723,111</u>
Total debt	<u>\$ 68,828,103</u>	<u>\$ 7,909,209</u>

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - RECEIPTS AND CASH BALANCES

School Corporations are responsible for developing and implementing internal controls designed to prevent and detect material misstatements and irregularities in their financial records and reports. Such controls include segregating the duties of incompatible tasks and ensuring reconciled bank cash and investment balances agree to reported cash and investment balances.

The School Corporation allowed the same individual to issue receipts, prepare deposits, and reconcile the bank accounts with limited oversight or review. By failing to properly segregate incompatible duties and overseeing that financial statements are properly reconciled to bank balances, the School Corporation risks that the financial statement could be materially misstated, or that irregularities in recordkeeping functions may not be prevented and could go undetected.

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)

PAYROLL CONCERNS

Reconciling Payroll Amounts

For the calendar year 2010, amounts reported in the financial statement for salaries and wages exceeded amounts reported on Wage and Tax Statements Form W-2s (Federal Wages) by \$2,712,126.30. Generally amounts reported in the financial statement exceed reported Federal Wages due to employee participation in deferred compensation plans and cafeteria plans under Internal Revenue Service Regulation Section 125. School Corporations can usually identify these amounts so that they can reconcile the amounts reported as salaries and wages in the financial statement to the Federal Wages. The School Corporation could identify the deferred compensation amounts, which for 2010 totaled \$1,172,324.69, but could not identify the Section 125 amounts. Thus, no attempts have been made by the School Corporation to reconcile the amounts to ensure and document the reasons for the discrepancies in the amounts reported. For the calendar year 2011, officials intend to perform tests of individual employee compensation amounts to help identify the overall discrepancies.

Advance Payments

School Corporation employees are paid to date each payroll period. The School Corporation paychecks are dated and issued biweekly on Fridays even though the payroll period ends on the Saturday following the Friday paycheck date.

In order for the School Corporation to have the paychecks prepared timely, all payroll documentation including time sheets and hours worked must be submitted in the week prior to the payroll period end date. For hourly employees, this means that hours not yet worked are included on time sheets submitted for payment. Department heads (school principals) are signing the time sheets as certification that time has been worked prior to actual performance. This control deficiency allows for the possibility of employees being paid for work never performed, as well as the possibility of reporting payroll expenses in error.

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Each school year, School Corporations are directed by the Indiana Department of Education to report the number of students enrolled in schools as of a specified date. Records are to be maintained to support the numbers reported. Such records are to be signed by each school building administrator as certification to the accuracy of the counts submitted.

Records presented for audit to support the ADM claimed by the School Corporation for the 2009-2010 and 2010-2011 school year were not signed by the school principals, assistant principals, or any other administrator.

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 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

APPROVAL OF FORMS

The School Corporation implemented new computer financial software. The computer software generates receipts, checks, and ledgers to document the financial activities of the School Corporation replacing prior approved and/or prescribed forms used by the School Corporation to support the financial statement activities and balances. These new computer generated records and reports have not been submitted to the State Board of Accounts for approval for use in lieu of the prior system approved and prescribed forms.

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)

BANK ACCOUNT RECONCILIATIONS (Applies to Crisman Elementary School)

Cash reconciliations of the fund balances to the bank account balances were not prepared for the audit period. The Extra-Curricular Treasurer's "cash reconciliation" consists of determining the ending bank balance by subtracting the checks and adding the deposits that have cleared the bank to the beginning bank balance to compute the ending bank balance. This computed ending bank account balance is compared to the balance reported on the bank statement as the ending bank (ledger) balance.

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The Extra-Curricular Treasurer is not preparing an outstanding check list or a list of any deposits in transit. By not preparing a true cash reconciliation, officials cannot substantiate that the ledger balance agrees to the reconciled cash reconciliation per the bank account.

The Cash Reconciliation (SA 5-2) is a cash reconciliation and list of outstanding checks. The law provides that all funds be promptly placed in a depository. The bank statements showing the bank balances of the extra-curricular account should be carefully preserved. The name of the bank and balance should be listed according to the statement; also all outstanding checks should be listed, showing the date, check number and amount. The amounts should then be totaled and the total entered in the proper space. When this total of the outstanding checks is deducted from the balance as shown on the bank statement, the remainder (plus cash on hand, if any) should equal the record balance as shown in the control account and as the total of column 4 in the Form SA 5-1 report. A bank statement should be secured showing the bank balance as of the same date as the closing date of the report. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Treasurers, Chapter 2)

PUBLIC RECORDS RETENTION (Applies to Crisman Elementary School)

Duplicate deposit tickets were not retained by the extra-curricular treasurer for the audit period as required by statute. Because the duplicate deposit tickets were not retained for audit, the scope of audit procedures over receipts, deposits, and cash were limited.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

USE OF FORM SA-7, CLAIM FOR PAYMENT (Applies to Crisman Elementary School)

The prescribed Form SA-7, Claim for Payment, was used when purchases were made, however, only the Extra-Curricular Treasurer signed the claim for payment. The form was lacking the signatures to indicate authorization for the purchases. Without obtaining signatures giving the Extra-Curricular Treasurer authority for purchase, disbursements for which a clearly defined extra-curricular purpose could not be determined may be deemed questionable. If disbursements are deemed questionable, the Extra-Curricular Treasurer could be asked to reimburse the extra-curricular funds for such purchases.

Expenditures by the treasurer of the extra-curricular account are limited to those approved by the principal of the school and they should be in accordance with the general administration policies of the school corporation since the law provides that all expenditures shall be subject to review by the local school board. [IC 20-41-1-4] (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PORTAGE TOWNSHIP SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS (Applies to Central Elementary School)

Purchases of (83) eighty-three (\$10.00) ten dollar gift cards to Barnes and Noble were made from the Book Fair Fund and (3) three (\$50.00) fifty dollar gift cards to Portage IMAX Theater were made from the Student Activities Fund.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 PORTAGE TOWNSHIP SCHOOLS, PORTER COUNTY, INDIANA

Compliance

We have audited the compliance of the Portage Township Schools (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, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

As described in item 2011-02, in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, that are applicable to its ARRA - Title I Grants to Local Educational Agencies, Recovery Act, ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, and Adult Education - Basic Grants to States. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-03 and 2011-04.

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

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-02 and 2011-04 to be material weaknesses.

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

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

STATE BOARD OF ACCOUNTS

February 15, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 559,826	\$ 569,095
National School Lunch Program	10.555		1,812,792	1,818,801
Summer Food Service Program for Children	10.559		-	96,925
			<u>2,372,618</u>	<u>2,484,821</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass-Through Center of Workforce Innovations, Inc. Incentive Grants - WIA Section 503 21st Century Workplace Skills Initiative	17.267		-	6,570
			<u>-</u>	<u>6,570</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
09-6550		S010A080014	286,863	-
10-6550		S010A090014	1,015,852	235,570
11-6550		S010A100014	-	932,192
Distinguished School Award FY 2010-11			-	21,177
			<u>1,302,715</u>	<u>1,188,939</u>
Total for program				
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		441,365	281,395
			<u>441,365</u>	<u>281,395</u>
Total for cluster				
			<u>1,744,080</u>	<u>1,470,334</u>
Pass-Through Porter County Education Services Interlocal Special Education Cluster (IDEA)	84.391			
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act		3310-050-SN01	296,836	146,124
			<u>296,836</u>	<u>146,124</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		5,068,334	-
			<u>5,068,334</u>	<u>-</u>
Adult Education - Basic Grants to States	84.002			
Adult Education Comprehensive		FY 2009-8029	15,559	-
Adult Education Comprehensive		FY 2010-8029	317,715	15,556
Adult Education English Literacy		FY 2009-8407	2,079	-
Adult Education English Literacy		FY 2010-2011	-	96,826
Adult Education Outreach		FY 2009-8132	3,219	-
Adult Education Outreach		FY 2010-8132	21,319	6,681
EI Civics		FY 2010-8407	33,000	-
EI Civics		FY 2011-6407	-	33,000
			<u>392,891</u>	<u>152,063</u>
Total for the program				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
Title IV - Safe and Drug-Free Schools 08-6550		Q186A70015	5,613	611
Title IV - Safe and Drug-Free Schools 09-6550		Q186A80015	11,724	12,556
			<u>17,337</u>	<u>13,167</u>
Total for program				
State Grants for Innovative Programs	84.298			
Title V, Innovative Programs 07-6550		S298A070014	5,894	-
			<u>5,894</u>	<u>-</u>
English Language Acquisition Grants	84.365			
Title III, Language Instruction for Limited English Proficient		FY 2009-10	23,897	5,483
Title III, Language Instruction for Limited English Proficient		FY 2010-11	-	26,482
			<u>23,897</u>	<u>31,965</u>
Total for program				
Improving Teacher Quality State Grants	84.367			
Title II, Part A Improving Teacher Quality Grants				
FY 09/10		S367A090013	78,720	-
FY 10/11		S367A100013	278,080	55,621
			<u>356,800</u>	<u>55,621</u>
Total for program				
Total for federal grantor agency			<u>7,906,069</u>	<u>1,869,274</u>
Total federal awards expended			<u>\$ 10,278,687</u>	<u>\$ 4,360,665</u>

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Portage Township Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 38,545	\$ 39,807
National School Lunch Program	10.555	124,510	127,221

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for:
 Child Nutrition Cluster
 Special Education Cluster

Qualified for:
 Title I, Part A Cluster
 State Fiscal Stabilization Fund Cluster
 Adult Education – Basic Grants to States

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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.002	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster State Fiscal Stabilization Fund Cluster Adult Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$439,181

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

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

Section II – Financial Statement Findings

FINDING 2011-01 - INTERNAL CONTROLS - RECEIPTS AND CASH BALANCES

School Corporations are responsible for developing and implementing internal controls designed to prevent and detect material misstatements and irregularities in their financial records and reports. Such controls include segregating the duties of incompatible tasks and ensuring reconciled bank cash and investment balances agree to reported cash and investment balances.

The School Corporation allowed the same individual to issue receipts, prepare deposits, and reconcile the bank accounts with limited oversight or review. By failing to properly segregate incompatible duties and overseeing that financial statements are properly reconciled to bank balances, the School Corporation risks that the financial statement could be materially misstated, or that irregularities in recordkeeping functions may not be prevented, and could go undetected.

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)

We recommended that the School Corporation consider segregating some of the incompatible duties to allow for greater assurances regarding the financial transactions and reports.

Section III - Federal Award Findings and Questioned Costs

FINDING 2011-02 - CASH MANAGEMENT CONTROLS AND COMPLIANCE

Federal Agency: U.S. Department of Education

Federal Programs: ARRA - Title I Grants to Local Educational Agencies, Recovery Act, ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, Adult Education - Basic Grants to States

CFDA Numbers: 84.389, 84.394, 84.002

Pass-Through Entity: Indiana Department of Education

Program Numbers: Adult Education – Basic Grants to States Programs:

Comprehensive: FY 2010-8029

Outreach: FY 2010-8132

EI Civics: FY 2010-8407

Controls - ARRA - Title I and ARRA State Fiscal Stabilization Fund

The Indiana Department of Education (IDOE) was responsible for administering the federal grant funds. In administering the funds, IDOE determines if the grant awards made to the School Corporations would be advance draws or reimbursement of funds already spent. When grant awards are handled as advance draws, School Corporations are required to evaluate needs and make requests for funds in amounts sufficient to meet immediate needs.

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

For the ARRA - Title I Grants to Local Educational Agencies, Recovery Act (ARRA Title I) and ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act (Stimulus) grant awards, IDOE determined the grant awards to be advance draws; however, unlike other advance draw grants, IDOE advanced the grant funds to the School Corporations without any requests for funds being prepared or submitted by the School Corporations. IDOE did not follow standardized practices which required School Corporations to request funds as needed.

Because the funds were simply distributed by IDOE without any input from the School Corporation, the School Corporation was not afforded the opportunity to establish controls over cash management. The lack of controls and autonomy to request funds as needed led to the School Corporation retaining excess cash on hand.

ARRA Title I Compliance

The School Corporation held cash in excess of need for the months of August 2009 thru March 2010, and June 2010 for the SY 2009-10 program year. The monthly cash balances from August 2009 through March 2010 ranged from \$75,473.38 to \$224,810.59. As of June 30, 2010, the excess cash balance of \$168,694.13 was carried forward to the SY 2010-11 program. Additional funding was neither requested nor received on this program until June 2011 as the cash balance from June 30, 2010, was sufficient to carry the School Corporation for an entire year.

Stimulus Compliance

For the Stimulus grant funds, IDOE distributed \$4,123,938.07 to the School Corporation in June 2009. As of July 31, 2009, the School Corporation disbursed only \$2,056,212.86 leaving a balance of \$2,067,725.21. This balance remained until September 2009 when the School Corporation spent an additional \$1,442,200.14, but also received \$615,271.50 from IDOE. As of September 30, 2009, the School Corporation held a cash balance of \$1,240,796.57, which was disbursed by the School Corporation in October 2009. The School Corporation did not receive the final advance of \$1,101,864.14 until May 2010 which was promptly spent in May and June 2010.

Adult Education - Basic Grants to States - Controls and Compliance

Amounts received by the School Corporation for the Adult Education - Basic Grants to States (Adult Education) grant awards were drawn down in advance. In accordance with federal guidelines and state guidelines, officials were required to review needs and draw funds as needed. The drawdown requests were included in the applications for grant funds. For the Adult Education program, the Director of the Adult Education program determined needs for the Outreach and EI Civics by dividing the award by the number of months the funds were to cover, which was twelve. For the Comprehensive award, the Director of the Adult Education program requested a larger drawdown in the beginning of the program and the remaining balance was divided evenly for the program year.

The Assistant Director of Finance contacted the Director of the Adult Education Program on March 6, 2010, regarding excess cash balances on hand. At that time the Assistant Director of Finance also instructed the Director of Adult Education to consider revising the subsequent draw downs from IDOE. Based upon the documentation provided for audit, it could not be determined if the drawdown requests were revised, or if any additional follow-up was performed by the Assistant Director of Finance. Records did show, however, that excess cash balances continued into March and April 2010.

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

Cash balances for the Adult Education awards at the end of a month exceeded the following month's disbursements for 4 out of 12 months for Comprehensive, 7 out of 12 months for Outreach, and 5 out of 12 months for EI Civics. The cash balances in excess of the immediate needs ranged from \$22,072.47 to \$61,363.88 for Comprehensive, \$2,525.72 to \$3,840.95 for Outreach, and \$1,430.92 to \$6,785.92 for EI Civics. The grant disbursements were not at the anticipated levels.

Failure to minimize the cash on hand balances indicates noncompliance with cash management requirements established by federal agencies. In accordance with 34 CFR Subsection 80.21 (i), which states in part, "Grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal Agency. The grantee or subgrantee may keep interest amounts up to \$100.00 per year for administrative expenses." The School Corporation remitted interest of \$66.90 for the ARRA Title I program to the U.S. Department of Education.

Code of Federal Regulations (CFR) § 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. . . ."

CFR § 80.21 states in part:

"(a) Scope. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors. (b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . ."

New guidelines were established by the IDOE for grant awards they administer. The new guidelines provide for School Corporations to be reimbursed for eligible grant program disbursements. We recommended officials follow the new guidelines established by IDOE requiring pass-through grant funds to be reimbursed after the funds have been properly disbursed.

FINDING 2011-03 - LATE REPORTING - SCHOOL LUNCH REPORTS

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

The Indiana Department of Education requires School Corporations to submit their "Monthly Claim for Reimbursement" report by the 10th day of the following month.

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

Three of the Monthly Claim for Reimbursement reports for the school year ended June 30, 2010, were 2, 5 and 19 days late. Two of the reports for the school year ended June 30, 2011, were 4 and 36 days late which then caused delays in receiving reimbursements.

7CFR210.8 states in part:

". . . (b) Monthly claims. To be entitled to reimbursement under this part, each school food authority shall submit to the State agency, a monthly Claim for Reimbursement, as described in paragraph (c) of this section.

(1) Submission timeframes. A final Claim for Reimbursement shall be postmarked or submitted to the State agency not later than 60 days following the last day of the full month covered by the claim. State agencies may establish shorter deadlines at their discretion. Claims not postmarked and/or submitted within 60 days shall not be paid with Program funds unless otherwise authorized by FNS. . . ."

We recommended School Officials use calendars to note due dates of reports to ensure timely submission so that reimbursements of funds will be more expeditious.

***FINDING 2011-04 - INTERNAL CONTROLS RELATED TO
PROCUREMENT, SUSPENSION, AND DEBARMENT***

Federal Agency: U.S. Department of Agriculture, U.S. Department of Education
Pass-Through Agencies: Indiana Department of Education
Federal Programs: Child Nutrition Cluster, Title I, Part A Cluster, ARRA - Special Education -
Grants to States (IDEA, Part B) Recovery Act
CFDA Numbers: 10.553, 10.555, 10.559, 84.010, 84.389, 84.391
Program Numbers: 09-6550, 10-6550, 11-6550, 3110-050-SN01

The School Corporation does not have a system in place for determining whether or not a vendor has been excluded from doing business with the Federal Government. The School Corporation was not familiar with the "Excluded Parties Listing System" (EPLS); therefore, no one has been ensuring that vendors doing business with the School Corporation have not been suspended or debarred. In accordance with federal guidelines, the School Corporation is prohibited from giving federal grant dollars to parties who have been suspended or debarred from doing business with the federal government. Such parties are listed on the "Excluded Parties Listing System" maintained by the Federal Government. By not checking vendors against this list, the School Corporation risks providing federal funds to ineligible vendors, which would ultimately put future grant awards to the School Corporation at risk.

2 CFR§ 180.220 states in part:

"Are any procurement contracts included as covered transactions?"

(a) Covered transactions under this part—

- (1) Do not include any procurement contracts awarded directly by a Federal agency;
but
- (2) Do include some procurement contracts awarded by non-Federal participants in nonprocurement covered transactions.

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

(b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:

- (1) The contract is awarded by a participant in a nonprocurement transaction that is covered under § 180.210, and the amount of the contract is expected to equal or exceed \$25,000. . . ."

2CFR§ 180.300 states:

"What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Code of Federal Regulations (CFR) 34 CFR § 80.20 states in part:

". . . (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . ."

We recommended that the School Corporation design and implement controls to prevent the potential of a debarred or suspended vendor from being paid from federal funds.

PORTAGE TOWNSHIP SCHOOLS

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

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BOARD OF SCHOOL
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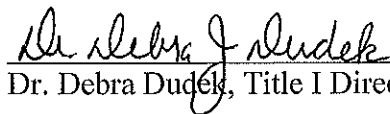
Summary Schedule of Prior Audit Findings

Finding Number: 2009-1 Allowable Costs-Title I Grants to
Local Educational Agencies
Fiscal Year: July 1, 2007 through June 30, 2009
Auditee Contact Person: Sharon Qualkenbush
Title of Contact Person: Director of Finance/Treasurer
Phone Number: 219-762-6511

Status of Finding:

Use of an Employee Status Change Form has been instituted and is deployed for qualifying events such as: new employee is hired, employee changes jobs and is no longer Title I funded, or when account numbers change such as when beginning a new grant cycle. This form is signed by the Title I Director and given to Payroll where it is processed and then kept in the employee's personnel file. Additionally, a summary list of all Title I full and partial funded employees is given to Payroll at the beginning of each school year.

All Title I split-funded personnel are required to keep and Time and Attendance Log, which is signed by the employee and building principal. These forms are then sent to the Title I Office.



Dr. Debra Dudek, Title I Director

December 12, 2011

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6 Portage, Indiana 46368-5057
(219) 762-6511 FAX (219) 763-8009

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Associate Superintendent
Thomas L. Taylor, Ed.S
Assistant Superintendent
Sharon Qualkenbush, CPA
Director of Finance
Dr. Debra Dudek, Ed.D
Director of Title and
Special Student Programs

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	2009-2 Allowable Costs- Improving Teacher Quality State Grant
Original SBA Audit Report Number:	B35849
Fiscal Year	July 1, 2009 to June 30, 2011
Auditee Contact Person	Sharon Qualkenbush
Title of Contact Person	Director of Finance
Phone Number	219-762-6511

Status of Finding:

The following system was implemented to ensure a properly completed and approved leave request supports the payment for substitute teachers when classroom teachers attend professional development.

Teachers attending professional development conferences are to submit a "Leave Request Form," which includes the title and date of the event to the building principal. The principal writes the fund from which a substitute will be paid. The form is sent to the school administrator responsible for the grant.

The administrator reviews, approves or denies the request form. If the Leave is approved; the administrator signs the form and submits it to the payroll department.

Copies of each leave form are kept in a binder in the office of the grant Administrator. The leave forms are reconciled to the monthly grant expenditure ledger. Any exceptions are investigated and corrected.

To ensure that claims paid from the Improving Teacher Quality grant are in accordance with the purpose of the program, the grant administrator who wrote and submitted the grant application, reviews all requests and authorizes all purchases from the grant funds.


Wendy Kulczyk, Deputy-Treasurer
Assistant Director of Finance

December 12, 2011
Date

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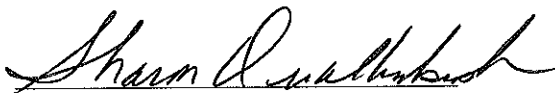
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	2009-3 Cash Management
Original SBA Audit Report Number:	B35849
Fiscal Year	July 1, 2009 to June 30, 2011
Auditee Contact Person	Sharon Qualkenbush
Title of Contact Person	Director of Finance
Phone Number	219-762-6511

Status of Finding:

Due to policy changes at the state level, grant disbursements for Title I, Improving Teacher Quality and Adult Education were changed to a reimbursement basis. Reports requesting reimbursement for payments are prepared on a monthly or bi-monthly basis. Since these changes were implemented by the state, cash balances are not maintained for these grants.


Sharon Qualkenbush, Treasurer
Director of Finance


December 12, 2011
Date

PORTAGE TOWNSHIP SCHOOLS
Corrective Action Plan

Finding Number: 2011-01 Internal Controls – Receipts and Cash Balances
Fiscal Year: July 1, 2009 through June 30, 2011
Auditee Contact Person: Sharon Qualkenbush, CPA
Title of Contact Person: Director of Finance/Treasurer

Status of Finding:

Bank reconciliation duties were transferred to the Assistant Director of Finance in order to provide a proper separation of duties. Completed bank reconciliations will be submitted to the Director of Finance for review.



Sharon Qualkenbush, Treasurer
Director of Finance

January 31, 2012

PORTAGE TOWNSHIP SCHOOLS
Corrective Action Plan

Finding Number: 2011-02 Cash Management Controls and Compliance

Fiscal Year: July 1, 2009 through June 30, 2011

Auditee Contact Person: Wendy Kulczyk, CPA

Title of Contact Person: Assistant Director of Finance/Deputy Treasurer

Status of Finding:

New guidelines established by the Indiana Department of Education provide for School Corporations to be reimbursed for eligible grant program disbursements. Portage Township Schools will submit reimbursement requests to the IDOE based on these guidelines.


Wendy Kulczyk, CPA, Assistant Director of
Finance/Deputy Treasurer

2/1/2012
Date

PORTAGE TOWNSHIP SCHOOLS
Corrective Action Plan

Finding Number: 2011-03 Late Reporting – School Lunch Reports
Fiscal Year: July 1, 2009 through June 30, 2011
Auditee Contact Person: Janice G. Black, SNS
Title of Contact Person: Food Service Director


Status of Finding:

Our corrective action plan is as follows:

Prior to the monthly filing deadline (the 10th of each month) I will meet with my employee who is responsible for the filing of all state reports, to ensure the reports are completed and ready to be sent. We will together review the reports to ensure their accuracy and timeliness, and then send them.

One particular late finding occurred over the summer months. To correct that in the future we will schedule her days to include one additional day in the summer to specifically complete and send the state reports, prior to the filing deadline.

We will work diligently to make certain there will be no future occurrences of filing reports late.



Janice G. Black, SNS
Food Service Director

January 31, 2012

PORTAGE TOWNSHIP SCHOOLS
Corrective Action Plan

Finding Number: 2011-04 Internal Controls Related to Procurement,
Suspension and Debarment


Fiscal Year: July 1, 2009 through June 30, 2011

Auditee Contact Person: Sharon Qualkenbush, CPA

Title of Contact Person: Director of Finance/Treasurer

Status of Finding:

Procedures are being implemented to include the vendor debarment status as part of establishing new vendors. The status of existing vendors will be verified as required for federal grants.



Sharon Qualkenbush, Treasurer
Director of Finance

January 31, 2012

PORTAGE TOWNSHIP SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2012, with Wendy Kulczyk, Assistant Director of Finance; Michael Berta, Superintendent of Schools; and Glenda Owens, President of the School Board.