

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

UNION TOWNSHIP SCHOOL CORPORATION  
PORTER COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/26/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela Buksar	07-01-09 to 06-30-12
Superintendent of Schools	John Hunter	07-01-09 to 06-30-12
President of the School Board	Douglas Snider Michael Jessen	07-01-09 to 06-30-10 07-01-10 to 06-30-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 UNION TOWNSHIP SCHOOL  
CORPORATION, PORTER COUNTY, INDIANA

We have audited the accompanying financial statement of the Union Township School Corporation (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 March 5, 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.

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

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

March 5, 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 UNION TOWNSHIP SCHOOL  
CORPORATION, PORTER COUNTY, INDIANA

We have audited the financial statement of the Union Township School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated March 5, 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

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

March 5, 2012

## FINANCIAL STATEMENT

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

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UNION TOWNSHIP SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 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	\$ 1,131,782	\$ 10,948,861	\$ 9,824,579	\$ (73,848)	\$ 2,182,216	\$ 10,798,721	\$ 10,573,179	\$ -	\$ 2,407,758
Debt Service	883,207	5,267,383	3,431,578	(300,000)	2,419,012	4,119,874	2,975,661	(1,778,418)	1,784,807
Retirement/Severance Bond Debt Service	(52,015)	302,794	135,128	(40,000)	75,651	200,694	161,272	-	115,073
Capital Projects	970,352	3,390,351	2,482,138	-	1,878,565	2,046,157	2,520,436	(150,000)	1,254,286
School Transportation	493,024	2,729,737	1,804,260	(135,574)	1,282,927	1,813,290	1,847,015	(191,028)	1,058,174
School Bus Replacement	67,765	316,227	183,587	(80,000)	120,405	230,250	171,149	-	179,506
Special Education Preschool	59,657	16,495	-	(76,152)	-	-	-	-	-
Rainy Day	1,056,049	-	320,681	600,000	1,335,368	45,773	141,600	2,128,418	3,367,959
Post-Retirement/Severance Future Benefits	181,822	-	73,869	120,000	227,953	-	69,386	-	158,567
School Lunch	300,889	699,343	623,185	-	377,047	679,204	592,120	-	464,131
Textbook Rental	67,641	183,718	160,179	-	91,180	199,242	123,192	-	167,230
Levy Excess	38,287	46,652	-	-	84,939	-	56,355	-	28,584
Educational License Plates	10,163	450	-	-	10,613	506	-	-	11,119
Cultural Arts	5,951	1,200	2,243	-	4,908	1,300	6,208	-	-
Scholarships and Awards	6,500	-	1,500	-	5,000	3,000	1,500	-	6,500
Special Programs	9,276	-	5,400	-	3,876	-	2,677	-	1,199
Wellness Program	442	12,000	11,336	-	1,106	-	-	-	1,106
Gifted and Talented	-	32,461	30,409	-	2,052	31,975	34,027	-	-
Non-English Speaking Programs P.L. 273-1999	235	2,908	3,143	-	-	1,260	1,260	-	-
School Technology	-	-	-	-	-	9,207	-	-	9,207
Title I	6,254	105,331	111,585	-	-	104,623	104,623	-	-
Innovative Education Program Strategies Title V (Part A)	5,272	821	18,056	11,963	-	-	-	-	-
Drug Free Schools	1,736	6,518	1,847	-	6,407	3,129	7,492	-	2,044
Indiana Tech Prep	-	-	-	-	-	13,305	13,305	-	-
Emergency Impact Aid	1,500	-	-	-	1,500	-	-	-	1,500
Improving Teaching Quality, No Child Left, Title II, Part A	53,484	26,066	51,783	(11,963)	15,804	25,074	40,878	-	-
Title III, Language Instruction	-	-	-	-	-	1,235	1,235	-	-
Carl Perkins - HS That Work	-	-	-	-	-	1,120	1,120	-	-
Fiscal Stabilization - Education	794,748	352,868	1,147,616	-	-	-	-	-	-
Title I - Grants to LEAs	-	33,386	31,271	-	2,115	33,349	35,464	-	-
Special Education - Part B	-	95,709	95,709	-	-	69,927	69,927	-	-
Education Jobs	-	-	-	-	-	157,103	157,103	-	-
<b>Totals</b>	<b>\$ 6,094,021</b>	<b>\$ 24,571,279</b>	<b>\$ 20,551,082</b>	<b>\$ 14,426</b>	<b>\$ 10,128,644</b>	<b>\$ 20,589,318</b>	<b>\$ 19,708,184</b>	<b>\$ 8,972</b>	<b>\$ 11,018,750</b>

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

UNION TOWNSHIP SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

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

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.

UNION TOWNSHIP SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

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.

*F. Other Financing Sources and Uses*

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

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

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

UNION TOWNSHIP SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

UNION TOWNSHIP SCHOOL CORPORATION  
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.

UNION TOWNSHIP SCHOOL CORPORATION  
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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 1,131,782	\$ 883,207	\$ (52,015)	\$ 970,352	\$ 493,024	\$ 67,765	\$ 59,657	\$ 1,056,049
Receipts:								
Local sources	813,810	3,667,383	302,794	1,890,351	1,828,326	316,227	(5)	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,123,346	-	-	-	-	-	16,500	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	1,000,000	1,600,000	-	1,500,000	900,000	-	-	-
Other	11,705	-	-	-	1,411	-	-	-
Total receipts	<u>10,948,861</u>	<u>5,267,383</u>	<u>302,794</u>	<u>3,390,351</u>	<u>2,729,737</u>	<u>316,227</u>	<u>16,495</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,308,653	-	-	-	-	-	-	-
Support services	2,654,963	-	-	486,033	974,767	-	-	8,493
Noninstructional services	293,759	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	596,105	-	-	-	312,188
Debt services	1,000,000	3,431,578	135,128	1,400,000	829,493	183,587	-	-
Nonprogrammed charges	567,204	-	-	-	-	-	-	-
Total disbursements	<u>9,824,579</u>	<u>3,431,578</u>	<u>135,128</u>	<u>2,482,138</u>	<u>1,804,260</u>	<u>183,587</u>	<u>-</u>	<u>320,681</u>
Excess (deficiency) of receipts over disbursements	<u>1,124,282</u>	<u>1,835,805</u>	<u>167,666</u>	<u>908,213</u>	<u>925,477</u>	<u>132,640</u>	<u>16,495</u>	<u>(320,681)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	14,426	-	-	-
Transfers in	76,152	-	-	-	-	-	-	600,000
Transfers out	(150,000)	(300,000)	(40,000)	-	(150,000)	(80,000)	(76,152)	-
Total other financing sources (uses)	<u>(73,848)</u>	<u>(300,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(135,574)</u>	<u>(80,000)</u>	<u>(76,152)</u>	<u>600,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,050,434</u>	<u>1,535,805</u>	<u>127,666</u>	<u>908,213</u>	<u>789,903</u>	<u>52,640</u>	<u>(59,657)</u>	<u>279,319</u>
Cash and investments - ending	<u>\$ 2,182,216</u>	<u>\$ 2,419,012</u>	<u>\$ 75,651</u>	<u>\$ 1,878,565</u>	<u>\$ 1,282,927</u>	<u>\$ 120,405</u>	<u>\$ -</u>	<u>\$ 1,335,368</u>

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

	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Cultural Arts	Scholarships and Awards	Special Programs
Cash and investments - beginning	\$ 181,822	\$ 300,889	\$ 67,641	\$ 38,287	\$ 10,163	\$ 5,951	\$ 6,500	\$ 9,276
Receipts:								
Local sources	-	486,032	160,133	46,652	-	-	-	-
Intermediate sources	-	-	-	-	450	-	-	-
State sources	-	9,746	23,585	-	-	-	-	-
Federal sources	-	203,565	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,200	-	-
Total receipts	-	699,343	183,718	46,652	450	1,200	-	-
Disbursements:								
Current:								
Instruction	73,869	-	-	-	-	2,243	-	5,400
Support services	-	12,000	160,179	-	-	-	-	-
Noninstructional services	-	611,185	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,500	-
Total disbursements	73,869	623,185	160,179	-	-	2,243	1,500	5,400
Excess (deficiency) of receipts over disbursements	(73,869)	76,158	23,539	46,652	450	(1,043)	(1,500)	(5,400)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	120,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	120,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	46,131	76,158	23,539	46,652	450	(1,043)	(1,500)	(5,400)
Cash and investments - ending	\$ 227,953	\$ 377,047	\$ 91,180	\$ 84,939	\$ 10,613	\$ 4,908	\$ 5,000	\$ 3,876

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

	Wellness Program	Gifted and Talented	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Indiana Tech Prep
Cash and investments - beginning	\$ 442	\$ -	\$ 235	\$ -	\$ 6,254	\$ 5,272	\$ 1,736	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	2,400	-
Intermediate sources	12,000	-	-	-	-	-	-	-
State sources	-	32,461	2,908	-	-	-	-	-
Federal sources	-	-	-	-	105,331	821	4,118	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	12,000	32,461	2,908	-	105,331	821	6,518	-
Disbursements:								
Current:								
Instruction	-	30,409	3,143	-	111,585	8,611	1,847	-
Support services	11,336	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	9,445	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,336	30,409	3,143	-	111,585	18,056	1,847	-
Excess (deficiency) of receipts over disbursements	664	2,052	(235)	-	(6,254)	(17,235)	4,671	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	11,963	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	11,963	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	664	2,052	(235)	-	(6,254)	(5,272)	4,671	-
Cash and investments - ending	\$ 1,106	\$ 2,052	\$ -	\$ -	\$ -	\$ -	\$ 6,407	\$ -

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

	Emergency Impact Aid	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Carl Perkins - HS That Work	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 1,500	\$ 53,484	\$ -	\$ -	\$ 794,748	\$ -	\$ -	\$ -	\$ 6,094,021
Receipts:									
Local sources	-	-	-	-	-	-	-	-	9,514,103
Intermediate sources	-	-	-	-	-	-	-	-	12,450
State sources	-	-	-	-	-	-	-	-	9,208,546
Federal sources	-	26,066	-	-	352,868	33,386	95,709	-	821,864
Temporary loans	-	-	-	-	-	-	-	-	5,000,000
Other	-	-	-	-	-	-	-	-	14,316
Total receipts	-	26,066	-	-	352,868	33,386	95,709	-	24,571,279
Disbursements:									
Current:									
Instruction	-	51,783	-	-	1,147,616	19,731	-	-	6,764,890
Support services	-	-	-	-	-	-	-	-	4,307,771
Noninstructional services	-	-	-	-	-	-	-	-	904,944
Facilities acquisition and construction	-	-	-	-	-	11,540	95,709	-	1,024,987
Debt services	-	-	-	-	-	-	-	-	6,979,786
Nonprogrammed charges	-	-	-	-	-	-	-	-	568,704
Total disbursements	-	51,783	-	-	1,147,616	31,271	95,709	-	20,551,082
Excess (deficiency) of receipts over disbursements	-	(25,717)	-	-	(794,748)	2,115	-	-	4,020,197
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	14,426
Transfers in	-	-	-	-	-	-	-	-	808,115
Transfers out	-	(11,963)	-	-	-	-	-	-	(808,115)
Total other financing sources (uses)	-	(11,963)	-	-	-	-	-	-	14,426
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(37,680)	-	-	(794,748)	2,115	-	-	4,034,623
Cash and investments - ending	\$ 1,500	\$ 15,804	\$ -	\$ -	\$ -	\$ 2,115	\$ -	\$ -	\$ 10,128,644

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 2,182,216	\$ 2,419,012	\$ 75,651	\$ 1,878,565	\$ 1,282,927	\$ 120,405	\$ -	\$ 1,335,368
Receipts:								
Local sources	433,696	2,494,859	188,934	1,183,348	1,063,261	220,606	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,231,862	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	1,000,000	1,500,000	-	800,000	700,000	-	-	-
Other	133,163	125,015	11,760	62,809	50,029	9,644	-	45,773
Total receipts	<u>10,798,721</u>	<u>4,119,874</u>	<u>200,694</u>	<u>2,046,157</u>	<u>1,813,290</u>	<u>230,250</u>	<u>-</u>	<u>45,773</u>
Disbursements:								
Current:								
Instruction	6,113,032	-	-	-	-	-	-	-
Support services	2,617,528	-	-	458,866	947,015	-	-	34,102
Noninstructional services	270,799	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	561,570	-	-	-	107,498
Debt services	1,000,000	2,975,661	161,272	1,500,000	900,000	171,149	-	-
Nonprogrammed charges	571,820	-	-	-	-	-	-	-
Total disbursements	<u>10,573,179</u>	<u>2,975,661</u>	<u>161,272</u>	<u>2,520,436</u>	<u>1,847,015</u>	<u>171,149</u>	<u>-</u>	<u>141,600</u>
Excess (deficiency) of receipts over disbursements	<u>225,542</u>	<u>1,144,213</u>	<u>39,422</u>	<u>(474,279)</u>	<u>(33,725)</u>	<u>59,101</u>	<u>-</u>	<u>(95,827)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	8,972	-	-	-
Transfers in	-	-	-	-	-	-	-	2,128,418
Transfers out	-	(1,778,418)	-	(150,000)	(200,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,778,418)</u>	<u>-</u>	<u>(150,000)</u>	<u>(191,028)</u>	<u>-</u>	<u>-</u>	<u>2,128,418</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>225,542</u>	<u>(634,205)</u>	<u>39,422</u>	<u>(624,279)</u>	<u>(224,753)</u>	<u>59,101</u>	<u>-</u>	<u>2,032,591</u>
Cash and investments - ending	<u>\$ 2,407,758</u>	<u>\$ 1,784,807</u>	<u>\$ 115,073</u>	<u>\$ 1,254,286</u>	<u>\$ 1,058,174</u>	<u>\$ 179,506</u>	<u>\$ -</u>	<u>\$ 3,367,959</u>

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

	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Cultural Arts	Scholarships and Awards	Special Programs
Cash and investments - beginning	\$ 227,953	\$ 377,047	\$ 91,180	\$ 84,939	\$ 10,613	\$ 4,908	\$ 5,000	\$ 3,876
Receipts:								
Local sources	-	502,533	176,440	-	-	-	3,000	-
Intermediate sources	-	-	-	-	506	-	-	-
State sources	-	9,403	22,802	-	-	-	-	-
Federal sources	-	167,268	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,300	-	-
Total receipts	-	679,204	199,242	-	506	1,300	3,000	-
Disbursements:								
Current:								
Instruction	69,386	-	-	-	-	6,208	-	-
Support services	-	12,000	123,192	-	-	-	-	-
Noninstructional services	-	580,120	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	2,677
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	56,355	-	-	1,500	-
Total disbursements	69,386	592,120	123,192	56,355	-	6,208	1,500	2,677
Excess (deficiency) of receipts over disbursements	(69,386)	87,084	76,050	(56,355)	506	(4,908)	1,500	(2,677)
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	(69,386)	87,084	76,050	(56,355)	506	(4,908)	1,500	(2,677)
Cash and investments - ending	\$ 158,567	\$ 464,131	\$ 167,230	\$ 28,584	\$ 11,119	\$ -	\$ 6,500	\$ 1,199

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

	Wellness Program	Gifted and Talented	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Indiana Tech Prep
Cash and investments - beginning	\$ 1,106	\$ 2,052	\$ -	\$ -	\$ -	\$ -	\$ 6,407	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	2,499	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	31,975	1,260	9,207	-	-	-	-
Federal sources	-	-	-	-	104,623	-	630	13,305
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	31,975	1,260	9,207	104,623	-	3,129	13,305
Disbursements:								
Current:								
Instruction	-	34,027	1,260	-	104,559	-	3,640	-
Support services	-	-	-	-	64	-	3,852	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	13,305
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	34,027	1,260	-	104,623	-	7,492	13,305
Excess (deficiency) of receipts over disbursements	-	(2,052)	-	9,207	-	-	(4,363)	-
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	-	(2,052)	-	9,207	-	-	(4,363)	-
Cash and investments - ending	\$ 1,106	\$ -	\$ -	\$ 9,207	\$ -	\$ -	\$ 2,044	\$ -

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

	Emergency Impact Aid	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Carl Perkins - HS That Work	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Totals
Cash and investments - beginning	\$ 1,500	\$ 15,804	\$ -	\$ -	\$ -	\$ 2,115	\$ -	\$ -	\$ 10,128,644
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,269,176
Intermediate sources	-	-	-	-	-	-	-	-	506
State sources	-	-	1,235	-	-	-	-	-	9,307,744
Federal sources	-	25,074	-	1,120	-	33,349	69,927	157,103	572,399
Temporary loans	-	-	-	-	-	-	-	-	4,000,000
Other	-	-	-	-	-	-	-	-	439,493
Total receipts	-	25,074	1,235	1,120	-	33,349	69,927	157,103	20,589,318
Disbursements:									
Current:									
Instruction	-	34,126	-	1,120	-	27,114	-	142,680	6,537,152
Support services	-	6,752	1,235	-	-	-	-	14,423	4,219,029
Noninstructional services	-	-	-	-	-	-	-	-	850,919
Facilities acquisition and construction	-	-	-	-	-	8,350	69,927	-	763,327
Debt services	-	-	-	-	-	-	-	-	6,708,082
Nonprogrammed charges	-	-	-	-	-	-	-	-	629,675
Total disbursements	-	40,878	1,235	1,120	-	35,464	69,927	157,103	19,708,184
Excess (deficiency) of receipts over disbursements	-	(15,804)	-	-	-	(2,115)	-	-	881,134
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	8,972
Transfers in	-	-	-	-	-	-	-	-	2,128,418
Transfers out	-	-	-	-	-	-	-	-	(2,128,418)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	8,972
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(15,804)	-	-	-	(2,115)	-	-	890,106
Cash and investments - ending	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,018,750

UNION TOWNSHIP SCHOOL CORPORATION  
 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
Capital assets, not being depreciated:	
Land	\$ 988,374
Infrastructure	493,907
Buildings	23,791,100
Improvements other than buildings	886,061
Machinery and equipment	4,397,846
Total capital assets not being depreciated	\$ 30,557,288

UNION TOWNSHIP SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Wheeler-Union Township School Building Corporation (renovation/addition)	\$ 11,838,494	\$ 1,757,350	Debt Service
2009 QSCB Wheeler-Union Township School Building Corporation	1,900,000	155,000	Debt Service
2010 QSCB Wheeler-Union Township School Building Corporation	2,000,000	1,050	Debt Service
Energy Savings Contract	321,302	89,622	Capital Projects
Notes and loans payable:			
School bus loans	176,826	84,242	School Bus Replacement
Textbook contracts	250,851	105,806	Textbook Rental
Bonds payable:			
General obligation bonds:			
2004 School Improvement (UCE/classrooms/renovate)	1,990,000	89,400	Debt Service
2002 pension bonds	340,000	63,424	Retirement/Severance Bond Debt Service
2006 pension bonds	950,000	98,470	Retirement/Severance Bond Debt Service
<b>Total debt</b>	<b><u>\$ 19,767,473</u></b>	<b><u>\$ 2,444,364</u></b>	

UNION TOWNSHIP SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - FOOD SERVICE RECEIPTS AND ACCOUNT BALANCES**

The School Corporation purchased the Meal Time point of sale software program to account for the cafeteria daily collections. The School Corporation offered students the option to pay for meals in advance rather than at the point of sale by establishing an account with the School Corporation.

The high school had five service lines. One service line did not accept cash payments, only payments from accounts. The other four lines accepted cash or account payments. At the end of the day, two cashiers counted the collections received for two drawers each. At that time, the cashier counted the number of each denomination of currency and entered the number of counted items into the Meal Time Program. They also verified that all check transactions entered into the Meal Time Program agreed with the total checks on hand. All drawers were turned into the cafeteria office for balancing and depositing.

Three daily reports entitled Meal Counts, the Value of Inventory Items Sold, and Bank Deposit Worksheet were printed and used to balance the day's activity. All collections were recounted by three other individuals and the bank deposit slip was prepared. A monthly summary report was updated for the day's total cash receipts and classified as student breakfast and lunch sales, adult sales, ala carte sales and the change to student accounts.

A review of the daily reports of collections and deposits noted the following:

1. The Bank Deposit Worksheet includes an "Expected" deposit amount from the daily activity entered at the time of sale. The system compares the "Total Counted Bank Deposit" manually entered by the cashier to the "Expected" deposit and calculates an over/short variance. For the 2010-2011 school year, the high school had variances every day except for one. The annual cumulative variance was calculated as an excess of \$693. However, we noted daily variances ranged from a negative variance of (\$747.70) to a positive variance of \$902.15. An explanation for the variances was not noted on the monthly summary report.
2. Another variance was determined when the actual deposit amount was compared to the "Total Counted Bank Deposit." For the 2010-2011 school year, the high school cumulative variance was calculated as an excess of \$10,420. However, we noted daily variances ranged from a negative variance of (\$899.70) to a positive variance of \$2,431.30. An explanation for the variances was not noted on the monthly summary report.

Furthermore, the amount of the student account balances determined by the School Corporation treasurer and reported to the Indiana Department of Education on the Annual Financial Report - Balance of Accounts did not agree to the detail report of all students' account balances. Officials have not reconciled the students' account balances to the calculated and reported students' account balances. The variances are illustrated below:

	June 30, 2010*	June 30, 2011
Annual Financial Report - Balance of Accounts	\$ 557	\$ 232
Detail Report of Students' Account Balances	1,901	10,987
Variance	\$ (1,344)	\$ (10,755)

\*One elementary school detail student account balances report was not available.

UNION TOWNSHIP SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**CAPITAL ASSET RECORDS**

Capital asset records were not updated and maintained by the School Corporation for the audit period.

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

***NONUSE OF TICKET SALES FORM SA-4 FOR SOCIAL EVENTS (Applies to Wheeler High School)***

We noted several instances where the Ticket Sales Form (SA-4) was not used for dances, raffles, shows, etc. Tickets were sold and cash payments were taken at the time of admittance and ticket stubs were retained, however, the event sponsor is not completing a Ticket Sales Form (SA-4) reconciling the number of tickets sold to the actual collections remitted to the ECA Treasurer.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

UNION TOWNSHIP SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 UNION TOWNSHIP SCHOOL  
CORPORATION, PORTER COUNTY, INDIANA

Compliance

We have audited the compliance of the Union Township School Corporation (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.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011.

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.

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)

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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

March 5, 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.

UNION TOWNSHIP SCHOOL CORPORATION  
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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 35,439	\$ 32,971
National School Lunch Program	10.555		<u>178,539</u>	<u>167,803</u>
Total for federal grantor agency			<u>213,978</u>	<u>200,774</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	09-6530 10-6530 11-6530	22,494 89,091 -	- 9,400 <u>95,223</u>
Total for program			<u>111,585</u>	<u>104,623</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-6530	<u>31,271</u>	<u>35,464</u>
Total for cluster			<u>142,856</u>	<u>140,087</u>
Pass-Through Porter County Education Services Special Education Cluster ARRA - Special Education - Grants to States IDEA, Part B), Recovery Act	84.391	33310-050-SN01	<u>95,709</u>	<u>69,927</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	6530	<u>1,147,616</u>	-
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States	84.048	Employment Training	-	<u>1,120</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	09-6530	-	<u>4,748</u>
Pass-Through Porter County Education Services Tech-Prep Education	84.243	07/01/10 to 06/30/11	-	<u>13,305</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	#07-6530	<u>8,593</u>	-
Pass-Through Northwest Indiana Education Service Center English Language Acquisition Grants	84.365	01111-093-PN01	-	<u>1,235</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	07-6530 08-6530 09-6530 10-6530	5,376 48,108 10,262 -	- - 15,804 <u>25,074</u>
Total for program			<u>63,746</u>	<u>40,878</u>
ARRA - Education Jobs Fund, Recovery Act	84.410	6530	-	<u>157,103</u>
Total for federal grantor agency			<u>1,458,520</u>	<u>428,403</u>
Total federal awards expended			<u>\$ 1,672,498</u>	<u>\$ 629,177</u>

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

UNION TOWNSHIP SCHOOL CORPORATION  
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 Union Township School Corporation (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	\$ 4,871	\$ 5,311
National School Lunch Program	10.555	24,170	26,808

UNION TOWNSHIP SCHOOL CORPORATION  
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?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Special Education Cluster State Fiscal Stabilization Fund Cluster ARRA - Education Jobs Fund, Recovery Act

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

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

No matters are reportable.

UNION TOWNSHIP SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

UNION TOWNSHIP SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2012, with Pamela Buksar, Treasurer; John Hunter, Superintendent of Schools; and Michael Jessen, President of the School Board. The Official Response has been made a part of this report and may be found on pages 39 and 40.

## UNION TOWNSHIP SCHOOL CORPORATION

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MR. JOHN HUNTER, ED. S.  
SUPERINTENDENT

MR. MICHAEL STEPHENS, ED. S.  
ASSISTANT SUPERINTENDENT

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### OFFICIAL RESPONSE

March 6, 2012

Indiana State Board of Accounts  
Bruce Hartman, State Examiner  
302 West Washington St., Room E418  
Indianapolis, IN 46204-2765  
via email to Christy Griffin, SBOA Field Examiner

Dear Mr. Hartman,

Union Township School Corporation wishes to make an "Official Response" to the Audit conducted by your office. The Audit Period is from 7/1/2009 through 6/30/2011.

#### INTERNAL CONTROLS – FOOD SERVICE RECEIPTS AND ACCOUNT BALANCES

Union Township School Corporation purchased the Meal Time point of sales software program to begin in August 2008. This program allows for money to be deposited in an individual student's account and then to be withdrawn as needed by the student for the purchase of a student lunch or ala-carte item. When the program began there were errors made at the point of sale. For an example, the student would give the cashier \$10 but the cashier accidentally input \$100. At the end of the day that cash drawer would be short by \$90. The cashier did not make an entry reporting the error. The cashiers are now instructed to write out an explanation for each variance and submit those reports along with the monthly summary report. Wheeler High School has four cashiers. They were not individually counting their own cash drawer. The cashiers are now instructed to balance their own cash draw.

Also, since Meal Time was purchased, there were errors in reporting the input of student account balances. During registration, the money put on deposit for a student was input through the student lunch column. This should have been input in the student's account balance column. This was a procedural error that will be corrected at the end of the school year through the Annual Financial Report.

#### CAPITAL ASSET RECORDS

-39-

#### Board of Trustees

Michael Jessen, President      Julie Giorgi, Vice President      Theresa Boehlke, Secretary  
Douglas Snider, Deputy Secretary      Michael Simatovich, Member

Union Township School Corporation did not update and maintain the Capital Assets Record for the audit period. The School Corporation is putting a new system in place to maintain Capital Assets.

John Hunter, Superintendent  
Pamela S. Buksar, Business Manager/Treasurer