

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL TOWN OF MUNSTER  
LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2014



**FILED**  
03/22/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janice Swanson	07-01-13 to 06-30-16
Superintendent of Schools	Richard A. Sopko Jeffrey A. Hendrix	07-01-13 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	John E. Friend Judith Florczak Paula Nellans Melissa Higgason	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the School Town of Munster (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the year ended June 30, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the year ended June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

January 19, 2016



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

TO: THE OFFICIALS OF THE SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the School Town of Munster (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 19, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

**Compliance and Other Matters**


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

**School Town of Munster's Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

January 19, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SCHOOL TOWN OF MUNSTER  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014

	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ (10,007,188)	\$ 30,406,595	\$ 28,952,277	\$ -	\$ (8,552,870)
Referendum Tax Levy	-	2,821,374	1,737,115	-	1,084,259
Debt Service	4,136,559	3,582,227	5,397,530	(174,375)	2,146,881
Exempt Debt	6,205,747	8,564,001	9,331,177	-	5,438,571
Exempt Retirement/Severance Bond Debt Service	36,177	999,240	886,351	-	149,066
Capital Projects	(657,270)	3,899,602	3,010,198	-	232,134
School Transportation	1,059,422	2,837,476	3,045,054	-	851,844
School Bus Replacement	176,235	730,541	253,000	-	653,776
Rainy Day	865,000	-	-	-	865,000
Retirement/Severance Bond	919,424	708,360	1,478,379	-	149,405
School Lunch	647,098	1,483,353	1,607,935	-	522,516
Textbook Rental	(176,459)	1,119,688	1,384,566	174,375	(266,962)
Self-Insurance	2,133,684	4,507,025	5,525,351	-	1,115,358
Alternative Education	-	999	-	-	999
Scholarships and Awards - Niksic	3,400	17	1,017	-	2,400
Scholarships and Awards - Underwood	1,797	9	250	-	1,556
Donation	1,376	103,807	51,236	(25,000)	28,947
High Ability Grant	7,204	43,925	42,569	-	8,560
Medicaid Reimbursement	560	4,964	3,877	-	1,647
Secured School Safety Grant	-	-	3,200	-	(3,200)
Non-English Speaking Programs P.L. 273-1999	5,375	13,042	15,247	-	3,170
School Technology	-	72,185	36,167	-	36,018
Referendum Tax Levy Anticipation Note	-	1,400,000	1,380,573	-	19,427
e-Learning Digital Grant	-	-	1,690	-	(1,690)
Title I	(18,651)	239,972	258,466	18,000	(19,145)
Medicaid Reimbursement - Federal	20,665	10,043	7,421	-	23,287
Improving Teaching Quality, No Child Left, Title II, Part A	(2,751)	49,810	38,114	(18,000)	(9,055)
Title III - Language Instruction	(4,706)	20,666	19,364	-	(3,404)
Payroll Deductions	145,865	19,920,720	19,712,434	-	354,151
Totals	<u>\$ 5,498,563</u>	<u>\$ 83,539,641</u>	<u>\$ 84,180,558</u>	<u>\$ (25,000)</u>	<u>\$ 4,832,646</u>

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

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

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.

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014. The cash deficits in the General and Textbook Rental funds were the result of disbursements in excess of the receipts for those funds.

SCHOOL TOWN OF MUNSTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The primary fund with cash deficits is the General fund. The referendum approved by the local voters on May 7, 2013, which is expected to generate net revenue of \$3,400,000 annually over the seven year referendum cycle will go a long way toward resolving the deficit. In fact, with changes in our collective bargaining agreement and certain cuts in the budget, the deficit should be eliminated within the next five years. The deficit was caused by drastic changes in the school funding formula which cost the School Corporation over three million dollars per year in funding. When the complexity index for funding was reduced to the number of students eligible for free and reduced lunch, the School Corporation was hit with an undue hardship.

**Note 8. *Holding Corporation***

The School Corporation has entered into capital leases with the Munster Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal year 2014 totaled \$10,009,177.

**Note 9. *Subsequent Events - Referendum Levy Fund Note***

On February 10, 2015, the School Corporation issued a Referendum Levy Fund Note of \$2,000,000 with an interest rate of 1.64 percent. The note will be repaid with Referendum Tax receipts (see Note 7), beginning in June 2016 in four payments of \$500,000 plus interest through December 2017.

**Note 10. *Other Postemployment Benefits***

The School Corporation provides health care benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

SCHOOL TOWN OF MUNSTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ (10,007,188)	\$ -	\$ 4,136,559	\$ 6,205,747	\$ 36,177	\$ (657,270)	\$ 1,059,422	\$ 176,235
Receipts:								
Local sources	810,138	1,712,374	3,582,227	6,190,001	999,240	2,508,797	1,934,781	103,541
State sources	22,569,820	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	2,600,000	1,109,000	-	2,374,000	-	1,229,000	840,000	627,000
Interfund loans	3,320,000	-	-	-	-	-	-	-
Other	1,106,637	-	-	-	-	161,805	62,695	-
Total receipts	<u>30,406,595</u>	<u>2,821,374</u>	<u>3,582,227</u>	<u>8,564,001</u>	<u>999,240</u>	<u>3,899,602</u>	<u>2,837,476</u>	<u>730,541</u>
Disbursements:								
Current:								
Instruction	16,246,919	1,239,799	-	-	-	-	200	-
Support services	7,361,592	84,113	-	-	-	875,086	2,134,854	-
Noninstructional services	360,721	52,339	-	-	-	-	-	-
Facilities acquisition and construction	63,045	-	-	-	-	820,112	-	-
Debt services	2,600,000	360,864	5,397,530	9,331,177	886,351	1,315,000	910,000	253,000
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	2,320,000	-	-	-	-	-	-	-
Total disbursements	<u>28,952,277</u>	<u>1,737,115</u>	<u>5,397,530</u>	<u>9,331,177</u>	<u>886,351</u>	<u>3,010,198</u>	<u>3,045,054</u>	<u>253,000</u>
Excess (deficiency) of receipts over disbursements	<u>1,454,318</u>	<u>1,084,259</u>	<u>(1,815,303)</u>	<u>(767,176)</u>	<u>112,889</u>	<u>889,404</u>	<u>(207,578)</u>	<u>477,541</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(174,375)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(174,375)</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>1,454,318</u>	<u>1,084,259</u>	<u>(1,989,678)</u>	<u>(767,176)</u>	<u>112,889</u>	<u>889,404</u>	<u>(207,578)</u>	<u>477,541</u>
Cash and investments - ending	<u>\$ (8,552,870)</u>	<u>\$ 1,084,259</u>	<u>\$ 2,146,881</u>	<u>\$ 5,438,571</u>	<u>\$ 149,066</u>	<u>\$ 232,134</u>	<u>\$ 851,844</u>	<u>\$ 653,776</u>

SCHOOL TOWN OF MUNSTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	Scholarships and Awards - Niksic	Scholarships and Awards - Underwood
Cash and investments - beginning	\$ 865,000	\$ 919,424	\$ 647,098	\$ (176,459)	\$ 2,133,684	\$ -	\$ 3,400	\$ 1,797
Receipts:								
Local sources	-	3,360	999,608	1,061,877	2,892,025	-	17	9
State sources	-	-	29,186	57,811	-	999	-	-
Federal sources	-	-	454,459	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	705,000	-	-	1,615,000	-	-	-
Other	-	-	100	-	-	-	-	-
Total receipts	-	708,360	1,483,353	1,119,688	4,507,025	999	17	9
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	773,379	145,180	1,384,566	38,522	-	-	-
Noninstructional services	-	-	1,462,755	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,871,829	-	1,017	250
Interfund loans	-	705,000	-	-	2,615,000	-	-	-
Total disbursements	-	1,478,379	1,607,935	1,384,566	5,525,351	-	1,017	250
Excess (deficiency) of receipts over disbursements	-	(770,019)	(124,582)	(264,878)	(1,018,326)	999	(1,000)	(241)
Other financing sources (uses):								
Transfers in	-	-	-	174,375	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	174,375	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(770,019)	(124,582)	(90,503)	(1,018,326)	999	(1,000)	(241)
Cash and investments - ending	\$ 865,000	\$ 149,405	\$ 522,516	\$ (266,962)	\$ 1,115,358	\$ 999	\$ 2,400	\$ 1,556

SCHOOL TOWN OF MUNSTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donation	High Ability Grant	Medicaid Reimbursement	Secured School Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Referendum Tax Levy Anticipation Note
Cash and investments - beginning	\$ 1,376	\$ 7,204	\$ 560	\$ -	\$ 5,375	\$ -	\$ -
Receipts:							
Local sources	98,743	-	-	-	-	-	-
State sources	-	43,925	4,964	-	13,042	72,185	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	1,400,000
Interfund loans	-	-	-	-	-	-	-
Other	5,064	-	-	-	-	-	-
Total receipts	<u>103,807</u>	<u>43,925</u>	<u>4,964</u>	<u>-</u>	<u>13,042</u>	<u>72,185</u>	<u>1,400,000</u>
Disbursements:							
Current:							
Instruction	7,027	42,569	3,877	-	15,247	-	1,013,934
Support services	44,209	-	-	-	-	36,167	289,950
Noninstructional services	-	-	-	-	-	-	40,493
Facilities acquisition and construction	-	-	-	3,200	-	-	36,196
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>51,236</u>	<u>42,569</u>	<u>3,877</u>	<u>3,200</u>	<u>15,247</u>	<u>36,167</u>	<u>1,380,573</u>
Excess (deficiency) of receipts over disbursements	<u>52,571</u>	<u>1,356</u>	<u>1,087</u>	<u>(3,200)</u>	<u>(2,205)</u>	<u>36,018</u>	<u>19,427</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(25,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(25,000)</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>27,571</u>	<u>1,356</u>	<u>1,087</u>	<u>(3,200)</u>	<u>(2,205)</u>	<u>36,018</u>	<u>19,427</u>
Cash and investments - ending	<u>\$ 28,947</u>	<u>\$ 8,560</u>	<u>\$ 1,647</u>	<u>\$ (3,200)</u>	<u>\$ 3,170</u>	<u>\$ 36,018</u>	<u>\$ 19,427</u>

SCHOOL TOWN OF MUNSTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	e-Learning Digital Grant	Title I	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ (18,651)	\$ 20,665	\$ (2,751)	\$ (4,706)	\$ 145,865	\$ 5,498,563
Receipts:							
Local sources	-	-	-	-	-	-	22,896,738
State sources	-	-	-	-	20,666	-	22,812,598
Federal sources	-	239,972	10,043	49,810	-	-	754,284
Temporary loans	-	-	-	-	-	-	10,179,000
Interfund loans	-	-	-	-	-	-	5,640,000
Other	-	-	-	-	-	19,920,720	21,257,021
Total receipts	-	239,972	10,043	49,810	20,666	19,920,720	83,539,641
Disbursements:							
Current:							
Instruction	1,690	222,253	236	-	19,364	-	18,813,115
Support services	-	36,213	1,564	38,114	-	-	13,243,509
Noninstructional services	-	-	-	-	-	-	1,916,308
Facilities acquisition and construction	-	-	5,621	-	-	-	928,174
Debt services	-	-	-	-	-	-	21,053,922
Nonprogrammed charges	-	-	-	-	-	19,712,434	22,585,530
Interfund loans	-	-	-	-	-	-	5,640,000
Total disbursements	1,690	258,466	7,421	38,114	19,364	19,712,434	84,180,558
Excess (deficiency) of receipts over disbursements	(1,690)	(18,494)	2,622	11,696	1,302	208,286	(640,917)
Other financing sources (uses):							
Transfers in	-	18,000	-	-	-	-	192,375
Transfers out	-	-	-	(18,000)	-	-	(217,375)
Total other financing sources (uses)	-	18,000	-	(18,000)	-	-	(25,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,690)	(494)	2,622	(6,304)	1,302	208,286	(665,917)
Cash and investments - ending	\$ (1,690)	\$ (19,145)	\$ 23,287	\$ (9,055)	\$ (3,404)	\$ 354,151	\$ 4,832,646

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SCHOOL TOWN OF MUNSTER  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,212,693</u>	<u>\$ -</u>

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Dell Financial Services	Laptop Computers	\$ 649,549	6/1/2012	12/1/2017
Key Government Finance	Networking/Storage	126,996	9/15/2014	3/15/2017
Munster Building Corporation	1998 Refinance	3,530,000	6/28/2008	1/5/2021
Munster Building Corporation	Eads School Demolition/High School Renovations	505,000	7/5/2009	1/5/2024
Munster Building Corporation	High School Renovations/Pool	2,845,000	6/30/2010	12/31/2020
Munster Building Corporation	High School Pool Demolition	428,000	6/30/2012	12/31/2020
Munster Building Corporation	Middle School Demolition	86,000	6/30/2012	6/30/2021
Munster Building Corporation	Middle School Classroom addition	168,000	1/15/2004	12/31/2028
Munster Building Corporation	Service Center	252,000	7/15/2005	1/15/2029
Munster Building Corporation	Middle School Gym addition	124,350	7/15/2006	1/15/2029
Munster Building Corporation	Eads School Refinance	1,047,423	12/30/2005	12/30/2026
Munster Building Corporation	Elliott School Refinance	926,763	7/15/2014	1/15/2029
Munster Building Corporation	Roofs & Parking Lots	238,000	7/15/2008	1/15/2018
U.S. Bank Equipment Finance	Copiers	<u>111,343</u>	3/24/2014	6/25/2019
Total of annual lease payments		<u>\$ 11,038,424</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Taxable Pension Bonds	\$ 5,460,000	\$ 642,591
Tax anticipation warrants	Tax Anticipation Warrants	6,179,000	6,236,150
Referendum Tax Levy Fund Anticipation Note	Levy Anticipation Note	<u>1,050,000</u>	<u>12,573</u>
Totals		<u>\$ 12,689,000</u>	<u>\$ 6,891,314</u>

SCHOOL TOWN OF MUNSTER  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2014

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
Governmental activities:	
Land	\$ 5,626,696
Infrastructure	10
Buildings	60,148,750
Improvements other than buildings	3,684,577
Machinery, equipment, and vehicles	23,173,702
Books and other	2,358,453
Total capital assets	\$ 94,992,188

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the School Town of Munster's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

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

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, and 2014-006 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SCHOOL TOWN OF MUNSTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Child Nutrition Cluster	Indiana Department of Education			
School Breakfast Program		10.553	FY 2014	\$ 47,547
National School Lunch Program		10.555	FY 2014	<u>526,416</u>
Total - Child Nutrition Cluster				<u>573,963</u>
Total - Department of Agriculture				<u>573,963</u>
<u>Department of Education</u>				
Special Education Cluster (IDEA)				
Special Education - Grants to States	Indiana Department of Education	84.027	14213-064-PN01	302,067
Special Education - Technical Assistance Grants			14214-064-PN01	531,602
Special Education - Technical Assistance Grants			99914-064-TA01	<u>11,024</u>
Total - Special Education - Grants to States				<u>844,693</u>
Special Education - Preschool Grants		84.173	45713-064-PN01	7,204
Special Education - Preschool Grants			45714-064-PN01	<u>21,110</u>
Total - Special Education - Preschool Grants				<u>28,314</u>
Total - Special Education Cluster				<u>873,007</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 2012-13	52,636
Title I Grants to Local Educational Agencies			FY 2013-14	<u>187,336</u>
Total - Title I Grants to Local Educational Agencies				<u>239,972</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365	FY 2012-13	7,060
Title III Part A			FY 2013-14	<u>13,606</u>
Total - English Language Acquisition State Grants				<u>20,666</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 2011-13	1,790
Title II			FY 2012-14	44,922
Improving Teacher Quality State Grants			FY 2013-15	<u>3,098</u>
Total - Improving Teacher Quality State Grants				<u>49,810</u>
Total - Department of Education				<u>1,183,455</u>
Total federal awards expended				<u>\$ 1,757,418</u>

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

SCHOOL TOWN OF MUNSTER  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2014
National School Lunch Program	10.555	\$ 119,504

**Note 3. Special Education Cooperative**

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

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none noted
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none noted
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

Child Nutrition Cluster  
Special Education Cluster (IDEA)

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**

**FINDING 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, payroll disbursements, and the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The failure to establish these controls could enable material mis-statements or irregularities to remain undetected.

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

One employee was responsible for issuing, recording, and depositing receipts without evidence of a review or approval. The Payroll Specialist was responsible for inputting, preparing, recording and remitting payrolls without evidence of a review or approval. One employee was responsible for preparing the SEFA without evidence of a review or approval. Segregation of duties was not in evidence; nor were there adequate oversight and approval of the transactions and reports generated based on these transactions.

2. Preparing the Financial Statement: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

The Financial Activity Report School Form 9s (Reports), include the financial activity of all funds and are the basis for which the financial statement is prepared, were signed by the Treasurer, Superintendent, and School Board President. Although the Reports contained all of the required certifications, there was no evidence that adequate oversight or review had occurred before submission to the Indiana Department of Revenue.

3. Monitoring of Controls: An evaluation of the School Corporation's system of internal controls has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

Monthly bank reconcilements were prepared by the Payroll Specialist and signed by the Treasurer; however, the bank reconcilements were not prepared or reviewed in a timely manner. Of the 12 bank reconcilements tested, five were not prepared timely (by the end of the second following month). Because of this, the bank reconcilements were also not reviewed timely. (For example, the June 2014 bank reconciliation was not prepared until February 2015 and was not reviewed until July 2015).

There was no authorization of administrative compensation. Not all administrative contracts were signed by the School Board; some were signed by only the employee and the Superintendent.

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)

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

***FINDING 2014-002 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

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

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications.

*Cash Management*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to three months' average expenditures in compliance with Cash Management requirements. There is no oversight, review, or documented monitoring of the cash balances.

*Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications*

The Food Service Director performed the eligibility determinations, approved the applications for free and reduced price meals, and performed the required verifications. The School Corporation did not have proper segregation of duties to ensure compliance with Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements. Applications associated with eligibility and verifications were not subjected to review prior to eligibility determinations and submission of the verification report.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the listed compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

***FINDING 2014-003 - SUSPENSION AND DEBARMENT***

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

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Suspension and Debarment compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation's Food Service Department includes language in its bidding documents that it "is required to check the GSA Excluded Parties List System to verify that the bidder has not been debarred."

Bid documents for bread and milk included this wording; however, the School Corporation failed to provide evidence that a search of the Excluded Parties List Systems through the System of Award Manager Center at [www.sam.gov](http://www.sam.gov) was conducted. The School Corporation did not have a review or oversight process in place to ensure that the required searches were performed or that and supporting documentation was retained for audit.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

7 CFR 3016.35 Subawards to debarred and suspended parties states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

2 CRF 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.

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Suspension and Debarment requirements of the programs.

***FINDING 2014-004 - PROGRAM INCOME***

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

The School Corporation has not established an effective internal control system related to the grant agreement and Program Income Compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that program income was properly recorded in the financial records. An oversight, review, or approval process has not been established.

The School Corporation did not comply with requirements for accounting for program income generated from the operation of the food service program. All monthly receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund; prepayments were not recorded in a "Prepaid Food" fund.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.14(c) states:

*"Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines Vol.183)

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

We recommended that the School Corporation establish controls related to the grant agreement and compliance requirements for program income. Additionally, we recommended that School Corporation's management comply with the applicable Program Income requirements of the programs.

***FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

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

Management of the School Corporation has not established an effective internal control system, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that paid lunch equity was properly implemented. There was no oversight process to ensure that the required weighted average price was recommended to the School Board for approval or charged to the students.

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation did not comply with the Special Tests and Provisions - Paid Lunch Equity for the 2013-2014 school year. The Indiana Department of Education (IDOE) provided the actual weighted average (\$1.94) and the required weighted average (\$2.04) lunch prices to the Food Service Director (Director) for the 2013-2014 school year. Since the actual weighted average lunch price was below the required price, the School Corporation was required to raise its prices, but not more than ten cents.

The Director was responsible for making recommendations for meal prices to the School Board to adopt for the 2013-2014 school year. In June 2013 her recommendation was for all breakfast and lunch pricing to stay the same as the 2012-2013 school year. The School Board did adopt the Director's recommendation. The Director's recommendation did not include the required increase.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs.

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents. . . ."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

SCHOOL TOWN OF MUNSTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions for Paid Lunch Equity.

***FINDING 2014-006 - LEVEL OF EFFORT - MAINTENANCE OF EFFORT***

Federal Agency: Department of Education  
Federal Program: Special Education - Grants to States  
CFDA Number: 84.027  
Federal Award Numbers: 14213-064-PN01, 14214-064-PN01  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

The School Corporation has not designed or implemented effective policies or procedures to ensure compliance with the program requirements of Level of Effort - Maintenance of Effort. An oversight, review, or approval process has not been established to ensure compliance with maintenance of effort amounts being reported to the pass-through entity.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement noted above. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

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

#### AUDITEE PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2013-003 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER**

Original Assigned SBA Audit Report Number: B43309  
Report Period: 7/1/2011 thru 6/30/2013  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Martha J. Silverthorn  
Contact Phone Number: 219-836-3204

**Status of Audit Finding: Eligibility Corrective Action Plan**

New Point of Sale Software Program was implemented for the 2014-15 school year, which processes Free/Reduced Applications. The Central Kitchen Manager was trained to be third check on all applicants. Kathryn Feezel took over as new Director effective July 1, 2015. Kathryn did additional training plus Free/Reduced Webinar for Central Kitchen Manager.

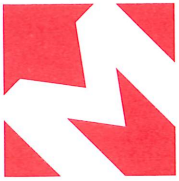
**Status of Audit Finding: Procurement Corrective Action Plan**

Implemented in 2014, Food Service Director and Treasurer will check/sign all quotes and bids.

Jamie Swanson  
(Signature)

Director of Financial Operations  
(Title)

11/30/2015  
(Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2013-004 INTERNAL CONTROLS OVER COMPLIANCE OF SUSPENSION AND DEBARMENT AND SPECIAL TESTS AND PROVISIONS OF PAID LUNCH EQUITY RELATED TO THE CHILD NUTRITION CLUSTER**

Original Assigned SBA Audit Report Number: B43309  
Report Period: 7/1/2011 thru 6/30/2013  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Martha J. Silverthorn  
Contact Phone Number: 219-836-3204

**Status of Audit Finding: Suspension and Debarment Corrective Action Plan**

All quotes and bids are reviewed and signed by the Director and Treasurer as a second check. "Suspension and Debarment" wording has been added to all quotes and bids. With a change of Director, July 1, 2015, this corrective action plan is still in progress.

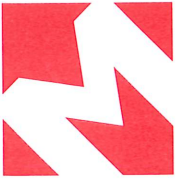
**Status of Audit Finding: Special Tests and Provision – Paid Lunch Equity Corrective Action Plan**

Paid Lunch Equity Price increased over the last two years. DOE, Tina Herzog was notified in regards to future emails pertaining to Paid Lunch Equity.

*Jamie Swanson*  
\_\_\_\_\_  
(Signature)

*Director of Financial Operations*  
\_\_\_\_\_  
(Title)

*11/30/2015*  
\_\_\_\_\_  
(Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2013-005 SPECIAL TEST AND PROVISIONS – HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS and CASH MANAGEMENT REPORTING**

Original Assigned SBA Audit Report Number: B43309  
Report Period: 7/1/2011 thru 6/30/2013  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Dr. Phyllis Gilworth  
Contact Phone Number: 219-836-9111

**Status of Audit Finding: Special Test and Provisions-Highly Qualified Teachers and Paraprofessionals**

Beginning in August 2014, the district implemented a review of records to verify certification as highly qualified all individuals being funded with Title I dollars. Additionally, a desktop audit, indicated that there was a required Semi-Annual certification that needs to be completed every 6 months. We have correlated records reviews to coincide with document as well. Records are verified in August and signed-off on in December, then re-verified in January and signed-off on in June.

**Status of Audit Finding: Cash Management Reporting**

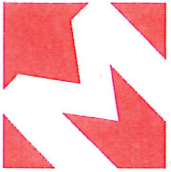
Beginning in January 2014, when the Chief Financial Officer provides monthly reports of accounts, the Assistant Superintendent for Curriculum and Instruction, reviews the accounts page by page, initialing and dating each. If there are questions, the Assistant Superintendent notates this on the page and then discusses any questions with the CFO. These documents are kept in the file for each fund in the Assistant Superintendent’s office.

A copy of the Annual Performance Report is maintained in the Title I file as per the corrective action plan.

Jamie Swanson  
(Signature)

Director of Financial Operations  
(Title)

11/30/2015  
(Date)



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CORRECTIVE ACTION PLAN

**FINDING 2014-001 – Financial Transactions and Reporting**

Contact Person Responsible for Corrective Action: Janice Swanson, Director of Financial Operations  
Contact Phone Number: 219-836-9111

Description of Corrective Action Plan:

1. Lack of Segregation of Duties: School Town of Munster has a very stable, experienced business department. Due to extremely tight general fund budgets for several years, our business department staff has been reduced on multiple occasions.

Even though our duties are segregated, it is nearly impossible to have our small department cross-trained enough to know all the details of other positions, even if only to review prepared documents.

2. Preparing Financial Statement: As noted in the finding, School Town of Munster's Form 9 reports did contain all of the required certifications, which are produced by "uploading" School Town of Munster's financial data to the DOE website. There is not a "report" to review prior to the Form 9 submission.

In addition, Form 9 is a 6-month compilation of the same monthly information that is provided to the administration and the school board at their monthly meeting. The school board is also approving the payment of bills and payroll at their monthly meeting, which is directly represented in the Form 9.

3. Monitoring of Controls: With the added work load to the business department over the past few years, due to the reduction of staff, occasionally the department can get behind in one area or another. School Town of Munster will strive to keep the flow of bank statement reconciliation on a more even schedule. As of today, all bank statements have been reconciled and reviewed through November, 2015.

Any future administrative contracts, that are issued will be signed by the Board of School Trustees.

Anticipated Completion Date: #1-as soon as financially feasible; #2-with next submission; #3-reconciled thru 12/2015 on 1/14/2016.

Janice Swanson  
(Signature)  
Director of Financial Oper.  
(Title)  
1/14/2016  
(Date)



8808 Columbia Avenue ❖ Munster, IN 46321 ❖ 219.836.3204

## **CORRECTIVE ACTION PLAN**

### **Section III – Federal Awards Findings and Questioned Costs**

#### ***FINDING 2014- 002 INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

**Federal Agency:** U.S. Department of Agriculture

**Federal Program:** School Breakfast Program, National School Lunch Program

**CFDA Number:** 10.553, 10.555

**Federal Award Year:** FY 2014

**Pass-Through Entity:** Indiana Department of Education

**Auditee Contact Person:** Kathryn Feezel

**Title of Contact Person:** Director of Student Nutrition and Food Services

**Phone Number:** 219.836.3204

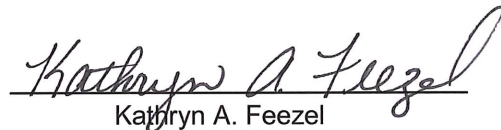
#### **CASH MANAGEMENT**

School Town of Munster has acquired a new Food Service Director July 2015. Director has already corrected this process this should be evident in next audit.

#### **Verification Free and Reduced Price Applications**

New Director effective July 2015. Food Service Director already corrected as of July 1, 2015, this process will be evident in next audit.

This corrective action plan will be implemented by July 2015

  
Kathryn A. Feezel

Director of Student Nutrition and Food Services

January 14, 2016



**Student Nutrition Services**

8808 Columbia Avenue ❖ Munster, IN 46321 ❖ 219.836.3204

**CORRECTIVE ACTION PLAN**

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

***FINDING 2014-003 SUSPENSION AND DEBARMENT***

**Federal Agency:** U.S. Department of Agriculture

**Federal Program:** School Breakfast Program, National School Lunch Program

**CFDA Number:** 10.553, 10.555

**Federal Award Year:** FY 2014

**Pass-Through Entity:** Indiana Department of Education

**Auditee Contact Person:** Kathryn Feezel

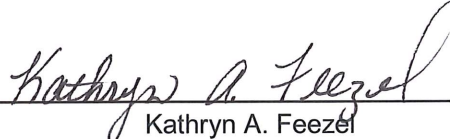
**Title of Contact Person:** Director of Student Nutrition and Food Services

**Phone Number:** 219.836.3204

**Suspension and Debarment Corrective Action Plan**

As the new Food Service Director, July 2015, this process will be corrected in next round of bids Spring of 2016.

This corrective action plan will be implemented by Spring 2016

  
Kathryn A. Feezel

Director of Student Nutrition and Food Services

January 14, 2016



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## CORRECTIVE ACTION PLAN

### Section III – Federal Awards Findings and Questioned Costs

#### ***FINDING 2014-004 PROGRAM INCOME***

**Federal Agency:** U.S. Department of Agriculture

**Federal Program:** School Breakfast Program, National School Lunch Program

**CFDA Number:** 10.553, 10.555

**Federal Award Year:** FY 2014

**Pass-Through Entity:** Indiana Department of Education

**Auditee Contact Person:** Kathryn Feezel

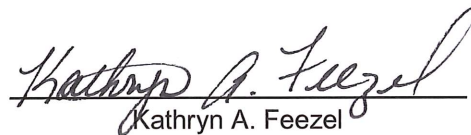
**Title of Contact Person:** Director of Student Nutrition and Food Services

**Phone Number:** 219.836.3204

#### **Program Income**

The School Town of Munster and Food Service Department was made aware from two (2) sources in the Fall of 2015 of what we were not doing. The Food Service Department plans to implement appropriate procedures with the 2016-2017 School Year.

This corrective action plan will be implemented by August 2016



Kathryn A. Feezel

Director of Student Nutrition and Food Services

January 14, 2016



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## CORRECTIVE ACTION PLAN

### Section III – Federal Awards Findings and Questioned Costs

#### *FINDING 2014-005 SPECIAL TESTS AND PROVISIONS OF PAID LUNCH EQUITY*

**Federal Agency:** U.S. Department of Agriculture

**Federal Program:** School Breakfast Program, National School Lunch Program

**CFDA Number:** 10.553, 10.555

**Federal Award Year:** FY 2014

**Pass-Through Entity:** Indiana Department of Education

**Auditee Contact Person:** Kathryn Feezel

**Title of Contact Person:** Director of Student Nutrition and Food Services

**Phone Number:** 219.836.3204

#### **Special Tests and Provision – Paid Lunch Equity Corrective Action Plan**

The School Town of Munster and Food Service Department understands what was not done appropriately in the 2013-2014 school year; however the appropriate increase was implemented 2014-2015 school year and the Food Service Department will continue to increase prices per state requirements.

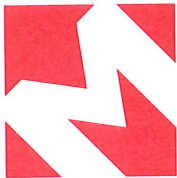
This corrective action plan will be implemented by July 2014

A handwritten signature in black ink that reads "Kathryn A. Feezel". The signature is written in a cursive style and is positioned above the printed name.

Kathryn A. Feezel

Director of Student Nutrition and Food Services

January 14, 2016



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CORRECTIVE ACTION PLAN

**FINDING 2014-006 – Level of Effort – Maintenance of Effort**

Federal Agency: U.S. Department of Education  
Federal Program: Special Education – Grants to States  
CFDA Number: 84.027  
Federal Award Numbers: 14213-064-PN01, 14214-064-PN01  
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Janice Swanson, Director of Financial Operations  
Contact Phone Number: 219-836-9111

Description of Corrective Action Plan:

School Town of Munster participates in the West Lake Special Education Cooperative with Lake Central Schools. When completing School Town of Munster's portion of the level of effort – maintenance of effort, the appropriate Form 9 data is used, which has been reviewed by administration and the board of school trustees, as part of the ongoing information that comprises the Form 9 data.

When preparing future level of effort – maintenance of effort documents to be provided to Lake Central schools for grant submission, the documents will be reviewed with the superintendent of schools.

Anticipated Completion Date: next submission

Janice Swanson  
(Signature)

Director of Financial Oper.  
(Title)

1/14/2016  
(Date)

#### OTHER REPORTS

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