

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PORTER TOWNSHIP SCHOOL CORPORATION
PORTER COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED

07/08/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Aline Busse	07-01-13 to 06-30-16
Superintendent of Schools	Stacey Schmidt	07-01-13 to 06-30-16
President of the School Board	John Spangenberg Johanna Williams	01-01-13 to 12-31-14 01-01-15 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Porter Township School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 5, 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

May 5, 2016



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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 PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Porter Township School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated May 5, 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 items 2015-001 and 2015-002 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*.

Porter Township School Corporation'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

May 5, 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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PORTER TOWNSHIP SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,396,764	\$ 9,266,661	\$ 9,195,885	\$ -	\$ 1,467,540	\$ 8,851,917	\$ 8,798,056	\$ (60,000)	\$ 1,461,401
Debt Service	1,721,138	3,026,132	2,962,175	-	1,785,095	2,951,436	2,903,395	-	1,833,136
Retirement/Severance	80,747	128,733	130,536	-	78,944	134,918	131,996	-	81,866
Capital Projects	924,217	2,179,233	2,053,175	-	1,050,275	1,699,211	1,843,365	-	906,121
School Transportation	933,039	1,466,227	1,570,548	-	828,718	1,483,049	1,403,359	(50,000)	858,408
Bus Replacement	346,048	51,296	141,171	-	256,173	66,101	-	(25,000)	297,274
Rainy Day	519,947	-	-	-	519,947	-	-	75,000	594,947
Retirement/Severance Bond	177,246	515	-	-	177,761	-	1,168	-	176,593
School Lunch	358,757	629,107	685,259	-	302,605	583,197	572,582	-	313,220
Textbook Rental	122,916	133,702	163,973	-	92,645	128,685	171,119	-	50,211
Est Rev Update	-	-	-	-	-	2,096	-	-	2,096
Joint Services (Cul Arts)	69,682	70,973	25,840	-	114,815	124,936	84,551	-	155,200
Educational License Plates	1,720	431	976	-	1,175	394	104	-	1,465
Alternative Ed School	-	-	-	-	-	-	12,790	60,000	47,210
Scholarship/Don	500	10,094	7,500	-	3,094	-	2,500	-	594
Wellness Grant	18,566	-	415	-	18,151	3,270	375	-	21,046
ECA Activity	811	1,770	830	-	1,751	675	1,281	-	1,145
Donations/Stanley Nature Donation	-	100	-	-	100	217	-	-	317
NIPSCO Energy Prog	-	8,232	-	-	8,232	-	-	-	8,232
CB & T Fidelity	105	781	886	-	-	2,465	2,465	-	-
HAS 2012.13	20,800	-	20,800	-	-	-	-	-	-
HAS 2013.14	-	31,383	16,152	-	15,231	-	15,231	-	-
HAS 2014.15	-	-	-	-	-	31,694	22,632	-	9,062
STAA #1657	(35,460)	35,460	-	-	-	-	-	-	-
CS TECH #1699	(82,207)	122,370	40,163	-	-	-	-	-	-
CS TECH #1727	-	43,344	141,500	-	(98,156)	98,156	-	-	-
CS TECH #1841	-	-	7,756	-	(7,756)	141,000	133,244	-	-
CS TECH #1947	-	-	-	-	-	-	26,084	-	(26,084)
Drug Free Communities 13.14	-	1,550	-	-	1,550	-	-	-	1,550
Secured Schools Safety Grant	-	-	-	-	-	45,000	67,000	-	(22,000)
ECA Facility Use	4,478	7,714	3,687	-	8,505	7,223	6,700	-	9,028
ECA Transportation Fees	(1,298)	13,258	10,554	-	1,406	12,155	10,342	-	3,219
ECA Drug Testing Fees	1,645	4,220	3,654	-	2,211	4,240	4,726	-	1,725
NFSP 2012.13	1,508	-	1,508	-	-	-	-	-	-
NFSP 2014.16	-	-	-	-	-	2,107	-	-	2,107
E-Rate Technology	108,555	40,383	43,814	-	105,124	46,872	36,817	-	115,179
Project Care	8,567	3,250	9,667	-	2,150	9,750	9,000	-	2,900
Imagining/E-Learning	(37,500)	75,000	37,500	-	-	-	-	-	-
Excess PTRC Distributions	27,381	-	-	-	27,381	-	16,847	-	10,534
Title I 2011-12	(6,796)	6,796	-	-	-	-	-	-	-
Title I 2012-13	(10,389)	40,525	30,136	-	-	-	-	-	-
Title I 2013-14	-	93,148	103,487	-	(10,339)	37,045	26,706	-	-
Title I 2014-15	-	-	-	-	-	73,731	82,347	-	(8,616)
Title II Part A 2012-13	(35)	22,873	23,792	-	(954)	6,824	5,870	-	-
Title II Part A 2013-14	-	-	-	-	-	10,445	16,485	-	(6,040)
Payroll Clearing Account	(22)	1,639,170	1,639,148	-	-	1,613,303	1,613,303	-	-
Food Service ACH Deposits	-	206,486	206,486	-	-	195,597	195,597	-	-
Fringe Benefit Clearing Fund	-	6,744	6,744	-	-	6,462	6,462	-	-
Totals	\$ 6,671,430	\$ 19,367,661	\$ 19,285,717	\$ -	\$ 6,753,374	\$ 18,374,171	\$ 18,224,499	\$ -	\$ 6,903,046

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

PORTER 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.

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

No investing has been done at this time.

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 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.

PORTER TOWNSHIP SCHOOL CORPORATION
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.

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 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:

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.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

PORTER 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.

Note 6. Pension Plans

A. 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.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 403(b) and 401(c) Pension Plans

Plan Description

The School Corporation also contributes to additional pension plans unique to the School Corporation. For classified staff who have worked over one year, and participate in one of the corporation's 403(b) programs, the School Corporation will match up to 3 percent of the employee's contribution. The matching amounts are paid in to a Variable Annuity Life Insurance Company (VALIC) account on a monthly basis.

The corporation also maintains a 401(c) Administrators plan with VALIC. The Administrators Plan lists job positions that are included in the Plan. A document noted on August 18, 2003, states the following positions covered as: Superintendent, High School Principals, Computer Coordinator, Business Manager, High School Assistant Principals, Elementary Principals, Payroll Clerk, Superintendent Secretary, Maintenance Director, Treasurer, Transportation Clerk, and Facility Director. The positions are both certified and classified. This plan is paid to VALIC on a monthly basis. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant, construction, local school, and certain loan expenditures for which reimbursements had not been received prior to June 30, 2014, and June 30, 2015.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Porter Township High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2014 and 2015, totaled \$2,217,000 and \$2,225,500 respectively.

Note 9. Subsequent Events

In January 2016, a construction project was started on Porter Lakes Elementary School. The purpose of this project was to increase security to the building and provide energy efficiency through guaranteed savings work. Plans were submitted to build a new administrative office addition to provide secure entry to the facility. This required remodeling of adjacent corridors. The original office was reconfigured into two classrooms. ADA accessible restroom work is part of the project as well as parking lot and sidewalk improvements. Within the scope of the guaranteed savings project, HAVA updates, plumbing updates, lighting updates, fire alarm updates, exterior door and window upgrades, and ceiling updates were all part of the project. This project was structured to be tax neutral for the local taxpayers structuring the debt to roll on as other debt rolls off. The cost for this project is just under \$10 million dollars. Outside consultants were utilized to make sure that the tax rate could remain neutral and to sell the bonds.

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision insurance until age 65. Life insurance is also available. Any or all chosen benefits must be selected and signed up for prior to their retirement date. The retiree must have been enrolled in the medical and dental plans prior to retirement. The retiree can only lower coverages, not raise any before or after retirement. All premiums for all selected products are paid by the retiree.

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.

PORTER 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, 2014

	General	Debt Service	Retirement/ Severance	Capital Projects	School Transportation	Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,396,764	\$ 1,721,138	\$ 80,747	\$ 924,217	\$ 933,039	\$ 346,048	\$ 519,947
Receipts:							
Local sources	453,616	3,026,132	128,733	1,255,780	1,281,727	51,296	-
Intermediate sources	-	-	-	-	-	-	-
State sources	8,336,545	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	476,500	-	-	776,951	184,500	-	-
Other	-	-	-	146,502	-	-	-
Total receipts	<u>9,266,661</u>	<u>3,026,132</u>	<u>128,733</u>	<u>2,179,233</u>	<u>1,466,227</u>	<u>51,296</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	6,112,279	-	-	-	-	-	-
Support services	2,435,386	-	-	653,491	1,346,238	141,171	-
Noninstructional services	145,332	-	-	-	-	-	-
Facilities acquisition and construction	26,388	-	-	649,684	39,810	-	-
Debt services	476,500	2,962,175	130,536	750,000	184,500	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>9,195,885</u>	<u>2,962,175</u>	<u>130,536</u>	<u>2,053,175</u>	<u>1,570,548</u>	<u>141,171</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>70,776</u>	<u>63,957</u>	<u>(1,803)</u>	<u>126,058</u>	<u>(104,321)</u>	<u>(89,875)</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>70,776</u>	<u>63,957</u>	<u>(1,803)</u>	<u>126,058</u>	<u>(104,321)</u>	<u>(89,875)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,467,540</u>	<u>\$ 1,785,095</u>	<u>\$ 78,944</u>	<u>\$ 1,050,275</u>	<u>\$ 828,718</u>	<u>\$ 256,173</u>	<u>\$ 519,947</u>

PORTER 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, 2014
 (Continued)

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Est Rev Update	Joint Services (Cul Arts)	Educational License Plates	Alternative Ed School
Cash and investments - beginning	\$ 177,246	\$ 358,757	\$ 122,916	\$ -	\$ 69,682	\$ 1,720	\$ -
Receipts:							
Local sources	515	422,621	109,372	-	70,973	-	-
Intermediate sources	-	-	-	-	-	431	-
State sources	-	8,502	24,330	-	-	-	-
Federal sources	-	197,984	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>515</u>	<u>629,107</u>	<u>133,702</u>	<u>-</u>	<u>70,973</u>	<u>431</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	25,840	-	-
Support services	-	7,984	163,973	-	-	976	-
Noninstructional services	-	677,275	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>685,259</u>	<u>163,973</u>	<u>-</u>	<u>25,840</u>	<u>976</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>515</u>	<u>(56,152)</u>	<u>(30,271)</u>	<u>-</u>	<u>45,133</u>	<u>(545)</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>515</u>	<u>(56,152)</u>	<u>(30,271)</u>	<u>-</u>	<u>45,133</u>	<u>(545)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 177,761</u>	<u>\$ 302,605</u>	<u>\$ 92,645</u>	<u>\$ -</u>	<u>\$ 114,815</u>	<u>\$ 1,175</u>	<u>\$ -</u>

PORTER 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, 2014
 (Continued)

	Scholarship/ Don	Wellness Grant	ECA Activity	Donations/ Stanley Nature Donation	NIPSCO Energy Prog	CB & T Fidelity	HAS 2012.13
Cash and investments - beginning	\$ 500	\$ 18,566	\$ 811	\$ -	\$ -	\$ 105	\$ 20,800
Receipts:							
Local sources	10,094	-	1,770	100	8,232	781	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>10,094</u>	<u>-</u>	<u>1,770</u>	<u>100</u>	<u>8,232</u>	<u>781</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	11,270
Support services	-	415	830	-	-	886	9,530
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	7,500	-	-	-	-	-	-
Total disbursements	<u>7,500</u>	<u>415</u>	<u>830</u>	<u>-</u>	<u>-</u>	<u>886</u>	<u>20,800</u>
Excess (deficiency) of receipts over disbursements	<u>2,594</u>	<u>(415)</u>	<u>940</u>	<u>100</u>	<u>8,232</u>	<u>(105)</u>	<u>(20,800)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,594</u>	<u>(415)</u>	<u>940</u>	<u>100</u>	<u>8,232</u>	<u>(105)</u>	<u>(20,800)</u>
Cash and investments - ending	<u>\$ 3,094</u>	<u>\$ 18,151</u>	<u>\$ 1,751</u>	<u>\$ 100</u>	<u>\$ 8,232</u>	<u>\$ -</u>	<u>\$ -</u>

PORTER 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, 2014
 (Continued)

	HAS 2013.14	HAS 2014.15	STAA #1657	CS TECH #1699	CS TECH #1727	CS TECH #1841	CS TECH #1947
Cash and investments - beginning	\$ -	\$ -	\$ (35,460)	\$ (82,207)	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	31,383	-	35,460	122,370	43,344	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>31,383</u>	<u>-</u>	<u>35,460</u>	<u>122,370</u>	<u>43,344</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	16,152	-	-	-	-	-	-
Support services	-	-	-	40,163	141,500	7,756	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>16,152</u>	<u>-</u>	<u>-</u>	<u>40,163</u>	<u>141,500</u>	<u>7,756</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>15,231</u>	<u>-</u>	<u>35,460</u>	<u>82,207</u>	<u>(98,156)</u>	<u>(7,756)</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>15,231</u>	<u>-</u>	<u>35,460</u>	<u>82,207</u>	<u>(98,156)</u>	<u>(7,756)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98,156)</u>	<u>\$ (7,756)</u>	<u>\$ -</u>

PORTER 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, 2014
 (Continued)

	Drug Free Communities 13.14	Secured Schools Safety Grant	ECA Facility Use	ECA Transportation Fees	ECA Drug Testing Fees	NFSP 2012.13	NFSP 2014.16
Cash and investments - beginning	\$ -	\$ -	\$ 4,478	\$ (1,298)	\$ 1,645	\$ 1,508	\$ -
Receipts:							
Local sources	-	-	7,714	13,258	4,220	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,550	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>1,550</u>	<u>-</u>	<u>7,714</u>	<u>13,258</u>	<u>4,220</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	3,687	10,554	3,654	1,508	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,687</u>	<u>10,554</u>	<u>3,654</u>	<u>1,508</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,550</u>	<u>-</u>	<u>4,027</u>	<u>2,704</u>	<u>566</u>	<u>(1,508)</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,550</u>	<u>-</u>	<u>4,027</u>	<u>2,704</u>	<u>566</u>	<u>(1,508)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ 8,505</u>	<u>\$ 1,406</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ -</u>

PORTER 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, 2014
 (Continued)

	E-Rate Technology	Project Care	Imaging/ E-Learning	Excess PTRC Distributions	Title I 2011-12	Title I 2012-13	Title I 2013-14
Cash and investments - beginning	\$ 108,555	\$ 8,567	\$ (37,500)	\$ 27,381	\$ (6,796)	\$ (10,389)	\$ -
Receipts:							
Local sources	31,546	3,250	-	-	6,796	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	8,837	-	75,000	-	-	-	-
Federal sources	-	-	-	-	-	40,525	93,148
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>40,383</u>	<u>3,250</u>	<u>75,000</u>	<u>-</u>	<u>6,796</u>	<u>40,525</u>	<u>93,148</u>
Disbursements:							
Current:							
Instruction	-	9,667	11,250	-	-	30,136	103,487
Support services	43,814	-	26,250	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>43,814</u>	<u>9,667</u>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>30,136</u>	<u>103,487</u>
Excess (deficiency) of receipts over disbursements	<u>(3,431)</u>	<u>(6,417)</u>	<u>37,500</u>	<u>-</u>	<u>6,796</u>	<u>10,389</u>	<u>(10,339)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,431)</u>	<u>(6,417)</u>	<u>37,500</u>	<u>-</u>	<u>6,796</u>	<u>10,389</u>	<u>(10,339)</u>
Cash and investments - ending	<u>\$ 105,124</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ 27,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,339)</u>

PORTER 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, 2014
 (Continued)

	Title I 2014-15	Title II Part A 2012-13	Title II Part A 2013-14	Payroll Clearing Account	Food Service ACH Deposits	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ (35)	\$ -	\$ (22)	\$ -	\$ -	\$ 6,671,430
Receipts:							
Local sources	-	-	-	-	-	-	6,888,526
Intermediate sources	-	-	-	-	-	-	431
State sources	-	-	-	-	-	-	8,687,321
Federal sources	-	22,873	-	-	-	-	354,530
Temporary loans	-	-	-	-	-	-	1,437,951
Other	-	-	-	1,639,170	206,486	6,744	1,998,902
Total receipts	-	22,873	-	1,639,170	206,486	6,744	19,367,661
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	6,339,484
Support services	-	23,792	-	-	-	-	5,044,155
Noninstructional services	-	-	-	-	-	-	822,607
Facilities acquisition and construction	-	-	-	-	-	-	715,882
Debt services	-	-	-	-	-	-	4,503,711
Nonprogrammed charges	-	-	-	1,639,148	206,486	6,744	1,859,878
Total disbursements	-	23,792	-	1,639,148	206,486	6,744	19,285,717
Excess (deficiency) of receipts over disbursements	-	(919)	-	22	-	-	81,944
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(919)	-	22	-	-	81,944
Cash and investments - ending	\$ -	\$ (954)	\$ -	\$ -	\$ -	\$ -	\$ 6,753,374

PORTER 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, 2015

	General	Debt Service	Retirement/ Severance	Capital Projects	School Transportation	Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,467,540	\$ 1,785,095	\$ 78,944	\$ 1,050,275	\$ 828,718	\$ 256,173	\$ 519,947
Receipts:							
Local sources	392,875	2,951,436	134,918	1,249,211	1,295,403	66,101	-
Intermediate sources	-	-	-	-	-	-	-
State sources	8,080,042	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	379,000	-	-	450,000	184,500	-	-
Other	-	-	-	-	3,146	-	-
Total receipts	<u>8,851,917</u>	<u>2,951,436</u>	<u>134,918</u>	<u>1,699,211</u>	<u>1,483,049</u>	<u>66,101</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	5,983,909	-	-	-	-	-	-
Support services	2,196,600	-	-	622,457	1,175,725	-	-
Noninstructional services	140,048	-	-	-	-	-	-
Facilities acquisition and construction	999	-	-	770,908	43,134	-	-
Debt services	476,500	2,903,395	131,996	450,000	184,500	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>8,798,056</u>	<u>2,903,395</u>	<u>131,996</u>	<u>1,843,365</u>	<u>1,403,359</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>53,861</u>	<u>48,041</u>	<u>2,922</u>	<u>(144,154)</u>	<u>79,690</u>	<u>66,101</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	75,000
Transfers out	(60,000)	-	-	-	(50,000)	(25,000)	-
Total other financing sources (uses)	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(25,000)</u>	<u>75,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,139)</u>	<u>48,041</u>	<u>2,922</u>	<u>(144,154)</u>	<u>29,690</u>	<u>41,101</u>	<u>75,000</u>
Cash and investments - ending	<u>\$ 1,461,401</u>	<u>\$ 1,833,136</u>	<u>\$ 81,866</u>	<u>\$ 906,121</u>	<u>\$ 858,408</u>	<u>\$ 297,274</u>	<u>\$ 594,947</u>

PORTER 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, 2015
 (Continued)

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Est Rev Update	Joint Services (Cul Arts)	Educational License Plates	Alternative Ed School
Cash and investments - beginning	\$ 177,761	\$ 302,605	\$ 92,645	\$ -	\$ 114,815	\$ 1,175	\$ -
Receipts:							
Local sources	-	387,599	104,582	2,096	124,936	-	-
Intermediate sources	-	-	-	-	-	394	-
State sources	-	8,864	24,103	-	-	-	-
Federal sources	-	186,734	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>583,197</u>	<u>128,685</u>	<u>2,096</u>	<u>124,936</u>	<u>394</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	84,551	-	12,790
Support services	1,168	4,941	171,119	-	-	104	-
Noninstructional services	-	567,641	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>1,168</u>	<u>572,582</u>	<u>171,119</u>	<u>-</u>	<u>84,551</u>	<u>104</u>	<u>12,790</u>
Excess (deficiency) of receipts over disbursements	<u>(1,168)</u>	<u>10,615</u>	<u>(42,434)</u>	<u>2,096</u>	<u>40,385</u>	<u>290</u>	<u>(12,790)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	60,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,168)</u>	<u>10,615</u>	<u>(42,434)</u>	<u>2,096</u>	<u>40,385</u>	<u>290</u>	<u>47,210</u>
Cash and investments - ending	<u>\$ 176,593</u>	<u>\$ 313,220</u>	<u>\$ 50,211</u>	<u>\$ 2,096</u>	<u>\$ 155,200</u>	<u>\$ 1,465</u>	<u>\$ 47,210</u>

PORTER 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, 2015
 (Continued)

	Scholarship/ Don	Wellness Grant	ECA Activity	Donations/ Stanley Nature Donation	NIPSCO Energy Prog	CB & T Fidelity	HAS 2012.13
Cash and investments - beginning	\$ 3,094	\$ 18,151	\$ 1,751	\$ 100	\$ 8,232	\$ -	\$ -
Receipts:							
Local sources	-	3,270	675	217	-	2,465	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>3,270</u>	<u>675</u>	<u>217</u>	<u>-</u>	<u>2,465</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	375	1,281	-	-	2,465	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	2,500	-	-	-	-	-	-
Total disbursements	<u>2,500</u>	<u>375</u>	<u>1,281</u>	<u>-</u>	<u>-</u>	<u>2,465</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,500)</u>	<u>2,895</u>	<u>(606)</u>	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,500)</u>	<u>2,895</u>	<u>(606)</u>	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 594</u>	<u>\$ 21,046</u>	<u>\$ 1,145</u>	<u>\$ 317</u>	<u>\$ 8,232</u>	<u>\$ -</u>	<u>\$ -</u>

PORTER 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, 2015
 (Continued)

	HAS 2013.14	HAS 2014.15	STAA #1657	CS TECH #1699	CS TECH #1727	CS TECH #1841	CS TECH #1947
Cash and investments - beginning	\$ 15,231	\$ -	\$ -	\$ -	\$ (98,156)	\$ (7,756)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	31,694	-	-	98,156	141,000	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	31,694	-	-	98,156	141,000	-
Disbursements:							
Current:							
Instruction	9,042	22,632	-	-	-	-	-
Support services	6,189	-	-	-	-	133,244	26,084
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	15,231	22,632	-	-	-	133,244	26,084
Excess (deficiency) of receipts over disbursements	(15,231)	9,062	-	-	98,156	7,756	(26,084)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,231)	9,062	-	-	98,156	7,756	(26,084)
Cash and investments - ending	\$ -	\$ 9,062	\$ -	\$ -	\$ -	\$ -	\$ (26,084)

PORTER 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, 2015
 (Continued)

	Drug Free Communities 13.14	Secured Schools Safety Grant	ECA Facility Use	ECA Transportation Fees	ECA Drug Testing Fees	NFSP 2012.13	NFSP 2014.16
Cash and investments - beginning	\$ 1,550	\$ -	\$ 8,505	\$ 1,406	\$ 2,211	\$ -	\$ -
Receipts:							
Local sources	-	-	7,223	12,155	4,240	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	45,000	-	-	-	-	2,107
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>45,000</u>	<u>7,223</u>	<u>12,155</u>	<u>4,240</u>	<u>-</u>	<u>2,107</u>
Disbursements:							
Current:							
Instruction	-	11,837	6,700	10,342	4,726	-	-
Support services	-	55,163	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>67,000</u>	<u>6,700</u>	<u>10,342</u>	<u>4,726</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(22,000)</u>	<u>523</u>	<u>1,813</u>	<u>(486)</u>	<u>-</u>	<u>2,107</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(22,000)</u>	<u>523</u>	<u>1,813</u>	<u>(486)</u>	<u>-</u>	<u>2,107</u>
Cash and investments - ending	<u>\$ 1,550</u>	<u>\$ (22,000)</u>	<u>\$ 9,028</u>	<u>\$ 3,219</u>	<u>\$ 1,725</u>	<u>\$ -</u>	<u>\$ 2,107</u>

PORTER 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, 2015
 (Continued)

	E-Rate Technology	Project Care	Imaging/ E-Learning	Excess PTRC Distributions	Title I 2011-12	Title I 2012-13	Title I 2013-14
Cash and investments - beginning	\$ 105,124	\$ 2,150	\$ -	\$ 27,381	\$ -	\$ -	\$ (10,339)
Receipts:							
Local sources	37,983	9,750	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	8,889	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	37,045
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>46,872</u>	<u>9,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,045</u>
Disbursements:							
Current:							
Instruction	-	9,000	-	-	-	-	26,706
Support services	36,817	-	-	16,847	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>36,817</u>	<u>9,000</u>	<u>-</u>	<u>16,847</u>	<u>-</u>	<u>-</u>	<u>26,706</u>
Excess (deficiency) of receipts over disbursements	<u>10,055</u>	<u>750</u>	<u>-</u>	<u>(16,847)</u>	<u>-</u>	<u>-</u>	<u>10,339</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>10,055</u>	<u>750</u>	<u>-</u>	<u>(16,847)</u>	<u>-</u>	<u>-</u>	<u>10,339</u>
Cash and investments - ending	<u>\$ 115,179</u>	<u>\$ 2,900</u>	<u>\$ -</u>	<u>\$ 10,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PORTER 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, 2015
 (Continued)

	Title I 2014-15	Title II Part A 2012-13	Title II Part A 2013-14	Payroll Clearing Account	Food Service ACH Deposits	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ (954)	\$ -	\$ -	\$ -	\$ -	\$ 6,753,374
Receipts:							
Local sources	-	-	-	-	-	-	6,787,135
Intermediate sources	-	-	-	-	-	-	394
State sources	-	-	-	-	-	-	8,439,855
Federal sources	73,731	6,824	10,445	-	-	-	314,779
Temporary loans	-	-	-	-	-	-	1,013,500
Other	-	-	-	1,613,303	195,597	6,462	1,818,508
Total receipts	<u>73,731</u>	<u>6,824</u>	<u>10,445</u>	<u>1,613,303</u>	<u>195,597</u>	<u>6,462</u>	<u>18,374,171</u>
Disbursements:							
Current:							
Instruction	82,347	-	-	-	-	-	6,264,582
Support services	-	5,870	16,485	-	-	-	4,472,934
Noninstructional services	-	-	-	-	-	-	707,689
Facilities acquisition and construction	-	-	-	-	-	-	815,041
Debt services	-	-	-	-	-	-	4,146,391
Nonprogrammed charges	-	-	-	1,613,303	195,597	6,462	1,817,862
Total disbursements	<u>82,347</u>	<u>5,870</u>	<u>16,485</u>	<u>1,613,303</u>	<u>195,597</u>	<u>6,462</u>	<u>18,224,499</u>
Excess (deficiency) of receipts over disbursements	<u>(8,616)</u>	<u>954</u>	<u>(6,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,672</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	135,000
Transfers out	-	-	-	-	-	-	(135,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(8,616)</u>	<u>954</u>	<u>(6,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,672</u>
Cash and investments - ending	<u>\$ (8,616)</u>	<u>\$ -</u>	<u>\$ (6,040)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,903,046</u>

PORTER TOWNSHIP SCHOOL CORPORATION
 SCHEDULE OF PAYABLES AND RECEIVABLES
 June 30, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 128,235</u>	<u>\$ -</u>

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Porter Township High School Building Corporation	1999/2009 Building renovations	\$ 1,747,000	7/15/2009	7/15/2018
Porter Township High School Building Corporation	2012A Renovations on BGHS & BGMS	286,000	7/15/2012	1/15/2032
Porter Township High School Building Corporation	2012B Renovations on BGHS & BGMS	<u>280,000</u>	7/15/2013	1/15/2032
Total of annual lease payments		<u>\$ 2,313,000</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement funding	\$ 950,000	\$ 132,946
Revenue bonds	CS 1727 Technology	127,350	29,503
Revenue bonds	CS 1841 Technology	141,000	15,095
Revenue bonds	Vet Mem 2005 Waste Water Treatment Plant	435,779	50,229
Revenue bonds	Vet Mem 2006 Building Sinking issues	12,000	8,120
Revenue bonds	CS 358 Energy Retro	359,368	111,054
Revenue bonds	CS 450 HS/BGE Remodel	577,910	101,849
Revenue bonds	CS 504 HS Lab/HVAC	170,000	26,600
Revenue bonds	CS 557 WWTP/Restroom Renovations	472,500	53,550
Revenue bonds	CS 1449 Technology	29,400	29,621
Revenue bonds	CS 1469 Technology	44,100	29,768
Revenue bonds	CS 1498 Technology	9,600	6,480
Revenue bonds	CS 1527 Technology	72,150	29,509
Revenue bonds	CS 1575 Technology	18,540	6,350
Revenue bonds	CS 1601 Technology	86,580	29,654
Revenue bonds	CS 1637 Technology	98,420	29,034
Revenue bonds	CS 1657 Technology	24,822	7,322
Revenue bonds	CS 1699 Technology	112,480	29,175
Tax anticipation warrants	Cash flow for year	<u>1,013,500</u>	<u>1,022,471</u>
Totals		<u>\$ 4,755,499</u>	<u>\$ 1,748,330</u>

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PORTER TOWNSHIP SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 435,500
Buildings	27,634,841
Improvements other than buildings	1,284,923
Machinery, equipment, and vehicles	5,336,346
Total capital assets	\$ 34,691,610

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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 PORTER TOWNSHIP SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Porter Township School Corporation'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 period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2015-004, 2015-006, 2015-007, and 2015-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs, Procurement, Program Income, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

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 item 2015-005. 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.

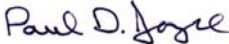
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, and 2015-009 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

May 5, 2016

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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PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 13-14, FY 14-15	\$ 39,163	\$ 38,343
National School Lunch Program		10.555	FY 13-14, FY 14-15	<u>197,675</u>	<u>185,674</u>
Total - Department of Agriculture				<u>236,838</u>	<u>224,017</u>
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I 2012-13		84.010	13-6520	40,525	-
Title I 2013-14			14-6520	93,148	37,045
Title I 2013-14			15-6520	<u>-</u>	<u>73,731</u>
Total - Title I Grants to Local Educational Agencies				<u>133,673</u>	<u>110,776</u>
<u>Special Education Cluster</u>					
Special Education _ Grants to States	Indiana Department of Education				
Special Education FY 12 Part B 611		84.027	14212-050-PN01	1,906	-
Special Education FY 13 Part B 611			14213-050-PN01	60,728	2,264
Special Education FY 14 Part B 611			14214-050-PN01	206,676	71,995
Special Education FY 15 Part B 611			14215-050-PN01	-	201,988
Spec Education FY 14 Tech AssistPart B			99914-050-TA01	<u>1,585</u>	<u>3,806</u>
Total - Special Education _ Grants to States				<u>270,895</u>	<u>280,053</u>
Special Education _ Preschool Grants	Indiana Department of Education	84.173			
Special Education FY 14 Part B 619			45714-050-PN01	7,050	-
Special Education FY 15 Part B 619			45715-050-PN01	<u>-</u>	<u>6,867</u>
Total - Special Education _ Preschool Grants				<u>7,050</u>	<u>6,867</u>
Total - Special Education Cluster				<u>277,945</u>	<u>286,920</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			12-6520	22,873	6,824
			13-6520	<u>-</u>	<u>10,445</u>
Total - Improving Teacher Quality State Grants				<u>22,873</u>	<u>17,269</u>
Total - Department of Education				<u>434,491</u>	<u>414,965</u>
Total federal awards expended				<u>\$ 671,329</u>	<u>\$ 638,982</u>

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

PORTER TOWNSHIP SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 38,854	\$ 37,184

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 Schedule of Expenditures of Federal Awards 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.

PORTER TOWNSHIP SCHOOL CORPORATION
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 reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. These deficiencies constitute material weaknesses.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to the reporting of food service program receipts.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The transactions of the food service program were accounted for in an Extra-Curricular Account outside of the financial accounting system of the School Corporation. The receipts reported for these funds were submitted by the individual School Cafeteria Managers to the Food Service Director and entered into the School Corporation's financial accounting system as totals by the School Corporation Treasurer. At the end of each day, the cashiers at the respective schools remitted their collections to their Cafeteria Manager. The Cafeteria Manager counted the collections and compared them to a point-of-sale system generated report. The comparison control identified by the School Corporation was not being properly documented. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control as it relates to the preparation of a reliable financial statement had not been conducted. The failure to monitor the internal control system placed 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 did not have a process to identify or communicate corrective actions to improve controls.

The failure to establish these controls could have enabled material misstatements or irregularities to remain undetected.

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

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

FINDING 2015-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation Treasurer prepared the SEFA; however, there was no review of the SEFA prior to its submission. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - EQUIPMENT AND REAL PROPERTY MANAGEMENT, SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management and Special Tests and Provisions - Verification of Free and Reduced Price Applications 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. 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.

Equipment and Real Property Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Equipment and Real Property Management requirements of the programs. The School Corporation utilized a third-party vendor for compilation of the capital assets report; however, there was no review completed by the School Corporation for accuracy of the capital assets report.

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements. The Food Service Director was solely responsible for the verification process during the 2013-2014 school year. There was no segregation of duties, such as an oversight, review, or approval process.

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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Equipment and Real Property Management and Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirements.

FINDING 2015-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with Allowable Costs/Cost Principles requirements. There are no controls to ensure that payroll disbursements had adequate supporting documentation. There was an insufficient oversight, review, or approval process.

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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

PORTER TOWNSHIP SCHOOL CORPORATION
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."

Compliance

The School Corporation did not comply with Allowable Costs/Cost Principles requirements regarding payment of certified and administrative salaries from the School Lunch fund, which receives federal funding from the School Breakfast and National School Lunch Programs. All transactions related to the food service program were recorded in the School Lunch fund. This included, but was not limited to, salaries and benefits, food purchases, supplies, and all revenue generated by the food service program.

Wages for food service employees were paid from the School Lunch fund. In the 2013-2014 and 2014-2015 school years, a percentage of the salaries of certified and administrative corporation employees were also paid from the School Lunch fund without proper documentation. These certified and administrative employees did not maintain personnel activity reports to support the distribution of their salaries to the School Lunch fund. The amount of the salaries charged to the federal programs without proper supporting documentation was \$38,806 for the audit period and is considered questioned costs.

Hourly employees maintained time cards for each pay period. When the time cards were completed, they were sent to the Food Service Director for review. The time cards were calculated by the minute and the minutes were converted to the appropriate time for the payroll software system. Out of 166 tested, there were 3 errors in the conversion and 14 errors in the hours worked calculated from the time cards.

OMB Circular A-87, Attachment A, Paragraph C,1,j, Basic Guidelines, states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

j. . . . Be adequately documented. . . ."

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

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

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.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

FINDING 2015-005 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management compliance requirement. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to average expenditures for three months. There was no oversight, review, or monitoring of the cash balances.

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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

Compliance

The School Corporation maintained cash balances that exceeded the average expenditures for three months during each month of the audit period. The cash balances exceeded the average expenditures for three months in amounts ranging from \$131,343 to \$216,698 for the 2013-2014 school year, and from \$131,613 to \$172,012 for the 2014-2015 school year.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

7 CFR 210.14(b) states in part: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service . . ."

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's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement. In addition, we recommended that the School Corporation comply with the Cash Management requirement of the programs.

FINDING 2015-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Years: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Procurement and 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Procurement and Suspension and Debarment requirement. The School Corporation utilized a third-party for food service bids. The third-party administered the bidding process, verified that the vendors were not suspended or debarred, and made recommendations to the School Corporation for the winning bid. However, there was no local School Corporation approval of the bids and no oversight of the verification that vendors were not suspended or debarred from participating in federal 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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

PORTER TOWNSHIP SCHOOL CORPORATION
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."

Compliance

There were three bids submitted for bread purchases during the 2014-2015 school year. The Food Service Director rejected the lowest bidder without sufficient explanation. The Food Service Director awarded the bid to the vendor that submitted the highest bid instead of awarding it to the next lowest bidder.

7 CFR 3016.36, states in part:

"(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

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's management establish controls, including segregation of duties, related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

FINDING 2015-007 - PROGRAM INCOME

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Internal Controls

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

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records. There was no segregation of duties, such as an oversight, review, or approval process.

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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

Compliance

The School Corporation had two software systems for the food service program during the audit period. The first software system covered the first 18 months of the audit period. The new software system began in January 2015. The first software system generated a daily report indicating the "dollars collected." During the first 18 months, the "dollars collected" from the daily reports were not in agreement with the receipts written for the individual schools. When combined, the differences between the daily reports and the receipts for the individual schools zeroed out.

In addition, we could not determine if approved meal prices were accurate with the information available in the new software system for two of the schools. This particular school serves both elementary and middle school students and the reports provided for audit did not separate the collections for each school. Since there are different meal prices for the elementary and middle school students and they were not reported separately, we were unable to determine if the approved rates were being charged.

7 CFR 220.13(i) states in part: "Each State Agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

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."

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's management establish controls, including segregation of duties, related to the grant agreement and the Program Income compliance requirement.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-008 - REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirement. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports, Verification Summary Reports, and the Monthly Sponsor Claims were accurate. One employee was solely responsible for preparing and submitting all required reports. There was no segregation of duties, such as an oversight, review, or approval process.

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."

Compliance

The School Corporation was required to complete and submit an Annual Financial Report (AFR) at the end of each fiscal year. The information reported in the AFR should have reflected the financial transactions and position of the School Lunch fund as well as be supported by the accounting records. Amounts reported in the AFR could not be traced to the records. Additionally, the School Corporation was required to complete and submit a Verification Summary Report each school year. This report should have reflected the amount of verifications completed on applications submitted during the school year. This report was not supported by the records for the 2013-2014 school year.

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

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's management establish controls, including segregation of duties, related to the grant agreement and Reporting compliance requirements.

FINDING 2015-009 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, MAINTENANCE OF EFFORT, AND PERIOD OF AVAILABILITY

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

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

Pass-Through Entity: Indiana Department of Education

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

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

PORTER TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Maintenance of Effort

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

Period of Availability

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

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

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

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

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

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

AUDITEE PREPARED DOCUMENTS

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



Porter Township School Corporation

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Office of the Superintendent
STACEY M. SCHMIDT, Ph.D.
Superintendent

ALINE BUSSE
Business Manager/Treasurer

LINDA BULT
Deputy Treasurer

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 programs

Original Assigned SBA Audit Report Number: 2013-3
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jessica Holmquest
Contact Phone Number: 219-306-8600 x2141

Status of Audit Finding:
Allowable Activities:

The School Food Director has/does prepare a requisition with proper documentation for equipment purchases. The requisition is reviewed and signed by the building principal and sent to the superintendent for signature before the purchase order is processed in the central office. A signed copy of the purchase order verifying the receipt of the equipment is sent to the central office. The central office sends all paperwork to the Facility Administrative Assistant for recording and addition to the corporation asset program. If any equipment is removed it is deleted from the asset program. The director will prepare the claim with proper documentation to be verified by the Food Service Manager and then prepare the check for payment. All documentation and the check are sent to the principal and treasurer for signature before mailing payment to vendor.. The director is not able to sign any checks. .

School Food Accounts:

The building cashiers are responsible for counting their funds and verifying the amounts to the building food service manager. The manager will recount the money, prepare the daily deposit ticket and lock the deposit bag. The deposit bags are brought to the central office for the deputy treasurer to take to the bank. The building managers send a copy of the Meal Magic daily cash report and the daily deposit to the director. The deputy treasurer sends the actual bank deposit slips to the high school director. The director verifies each deposit with copies of the daily activity sheets from each building and enters the bank deposits into the receipt software program. The business manager verifies the receipts and expenditures and fund balance with the monthly bank reconciliation. After verification, the business manager will sign off on the bank statement.

Paid Lunch Equity:

The director discusses lunch price requirements and presents costs and suggestions annually to the corporation cabinet. The Board of School Trustees approves meal prices for each school year.

Reporting:

Meal Magic software issues a reimbursement claim report. The director gets the ADA count needed for the state reimbursement from Harmony (student software program) records. The Meal Magic and Harmony reports are verified by the building manager before the director enters the numbers into the state site. The state site calculates the reimbursement amount and issues report. The director sends a copy of the reimbursement report and documentation to central office so amounts can be verified with state ACH payments. Central office issues a check to the food service director as ACH payments are received.

Eligibility and Verifications:

Free and Reduced applications were accepted by the food service director. The data warehouse director verified information and income on the application. The director entered the students' free and reduced information in the Harmony (student information program) software in 2013-2014 with the data warehouse director assistance. In 2014-2015 the director brought the applications to central office for the superintendent secretary and deputy treasurer to verify information and income. With the implementation of the Meal Magic software program in the 2015-2016 school year, verification reports are issued through this system.

Equipment and Real Property Management:

The purchase and deletion of school lunch equipment is recorded through the Facility Administrative Assistant who maintains the corporation asset software. We are implementing controls to insure that all equipment purchased or deleted will be properly recorded in the future.

Procurement and Suspension and Debarment:

The food service program relies on the service center for procuring the best bids for milk/dairy and bread products. The service center presents the best bid prices for milk/dairy and bread products to the director. The director presents the milk/dairy and bread product vendors and prices to the Board of School Trustees for approval. The Board also approves meal prices. This process was implemented with the 2015-2016 school year.

Aline Busse

(Signature)

Business Manager/Treasurer

(Title)

3/30/2016

(Date)

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



Porter Township School Corporation

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Office of the Superintendent

STACEY M. SCHMIDT, Ph.D.
Superintendent

ALINE BUSSE
Business Manager/Treasurer

LINDA BULT
Deputy Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-004 Noncompliance with eligibility and verification requirements of the Child Nutrition Cluster Programs

Original Assigned SBA Audit Report Number: 2013-4
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jessica Holmquest
Contact Phone Number: 219-306-8600 x2141

Status of Audit Finding:

With employee changes and purchase of new Food Service software, there have been different ways used for collecting free and reduced applications as well as the determination and verification process of the applications.

The food service director accepted Free and Reduced applications in 2013-2014. The data warehouse director verified information and income. The food service director entered the information in the Harmony software program with the data warehouse director's assistance. With the data warehouse director's resignation for 2014-2015, the verification was done by the superintendent's secretary and deputy treasurer.

The food service department updated their POS software to Meal Magic for 2015-2016. Parents can fill out Free and Reduced applications in the buildings or online. The Meal Magic software determines eligibility. The Meal Magic software randomly pulls 3% of the Free and Reduced applications for verification and issues a letter to be mailed to the parents. After letters are returned to the director, the building manager will verify that the parents have returned the required updated information. The food service director will enter the updated information into the Harmony software. Meal Magic software will verify the updated information and issue a 2nd letter for the parents letting them know of any changes in their eligibility.

Jessica Holmquest
(Signature)

Director of Food Service
(Title)

3-2-16
(Date)

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



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LINDA BULT
Deputy Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-005 Noncompliance with equipment and suspension and debarment
Requirements for the Child Nutrition Cluster Programs

Original Assigned SBA Audit Report Number: 2013-5
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jessica Holmquest
Contact Phone Number: 219-306-8600 x2141

Status of Audit Finding:
Equipment:

The food service director now issues a requisition and documentation to central office for equipment purchases. The requisition must be signed by the building principal and approved by the superintendent prior to a purchase order being processed in the central office. A copy of the purchase order will be sent to the food service director. A copy of the purchase order verifying receipt of the equipment will be forwarded to the central office. The central office will send documentation to the Facility Administrative Assistant for recording the addition to the corporation asset program. If any equipment is deleted, the information must be forwarded to the Facility Administrative Assistant for deletion from the asset program. All assets are assigned and recorded with a numbered bar tag. If a piece of equipment is delete, the bar tag is to be removed and sent for deletion from the asset program. Any equipment purchased with federal funds is to be flagged in the asset program. During March 2016 we went through the detailed asset listing and have identified all items purchased with federal funds. All future purchases will be identified and recorded as purchased with federal funds.

Suspension and Debarment:

The food service director was instructed to verify that a vendor had not been suspended or debarred from doing business with the federal government before issuing a requisition for equipment or supplies. She was advised to do the verification through www.sam.gov. The central office does check this site regularly.

Aline Busse
(Signature)

Business Manager/Treasurer
(Title)

3/30/2016
(Date)

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



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Deputy Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-006 Internal Controls over Reporting – EDUCATION JOB FUNDS

Original Assigned SBA Audit Report Number: 2013-6
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Aline Busse
Contact Phone Number: 219-477-4933 x1103

Status of Audit Finding:
The school corporation last expended funds for the Education Job Funds in October 2012.

The finding stated that the Business Manager/Treasurer prepared all reports and did not have any other employee verify or approve the reports. The Business Manager continues to file reports, and the Deputy Treasurer initials or signs that the reports and financial records are correct. All documentation is filed in the grant file.

All monthly, quarterly and final reports were completed using month-end, quarter end or history reports produced through the financial software reporting system. A copy of all back-up documentation was filed and maintained in the grant file.

Aline Busse
(Signature)

Business Manager/Treasurer
(Title)

3/2/2016
(Date)

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



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: J. Holmquest 219-477-4933 x2141

Views of Responsible Official: Aline Busse

All records audited were done by our previous Food Service Director. She left June 30, 2015. Our new Food Service Director, Jessica Holmquest, started July 1, 2015. Food Service started using the current POS program, Meal Magic in January 2015. Reports & records changed after January 2015.

Description of Corrective Action Plan:

We now use a new Point of Sale program called Meal Magic. Cafeteria managers have assured us that the daily report will/does match the end of day deposits. This daily report is attached to the deposit slip that is given to the building manager. Each cashier counts and balances their register with their daily report and then gives the paperwork and cash to the manager to verify. The manager is to recount the cash and verify that it balances with the daily cashier report. The cashier and the manager have been directed to initial each report verifying each daily deposit. The manager is to lock the deposit bag.

The corporation Deputy Treasurer receives and takes each locked deposit bag to the bank. A copy of each daily register report will be given to her at the time the deposit bag is dropped off. She will verify and initial the daily report with the bank generated deposit slip before she sends it to the Food Service Director for receipt posting.

Anticipated Completion Date:
This will begin start May 16, 2016.
The Food Service Director will be back from maternity leave & meet with all managers.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Aline Busse
Contact Phone Number: 219-477-4933

Views of Responsible Official: Aline Busse

The Business Manager did not realize that she should have had a second person verify the SEFA report before entering the information in Gateway.

Description of Corrective Action Plan:

The Business Manager will now work with the Deputy Treasurer to verify all SEFA information. The Deputy Treasurer will sign off on documentation verifying the information is correct. A hard copy of the report and all supporting documents/reports from the financial software system will be provided to the Assistant Superintendent for review and signature. The Business Manager will put all information in Gateway after report is approved by the Assistant Superintendent.

Anticipated Completion Date:
This will begin with the 2016 AFR.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Jessica Holmquest
Aline Busse

Contact Phone Number: 219-477-4933 x2141
219-477-4933 x1103

Views of Responsible Official: Jessica Holmquest

All records audited were done by our previous Food Service Director. She left June 30, 2015. Our new Food Service Director, Jessica Holmquest, started July 1, 2015. Food Service started using the current POS program, Meal Magic in January 2015. Reports & records changed after January 2015.

- 1) All capital assets are updated bi-annually and it was thought that we were compliant with all the items being reported.
- 2) Free and Reduced applications are verified by the Food Service Director after the POS software pulls a random 3% of applications from their files.

Description of Corrective Action Plan:

- 1) The Food Service Department inventory shall be updated and maintained in accordance with all statutory, regulatory and local Board of School Trustees' policies regarding equipment inventories. The corporation has asset software that is maintained by our facility administrative assistant. It has been brought to her attention that all food service equipment is to be recorded as being purchased with federal funds.

The Food Service Director will have each building manager do a written listing of all equipment in the kitchen at the end of the school year to begin an updated running inventory.

- 2) The current POS Meal Magic software program actually generates letters for a random 3% of free/reduced application verification. The Food Service Director mails each letter out and maintains a copy for her files. A second letter is sent out after the required response time has lapsed. A copy of this letter is maintained in the files as well. If no verification is received for a student, the parent is notified with another POS generated letter, advising that the student will go to full price breakfast and lunch.

When verification is received, the HS manager will verify that the information is correct and then give it to the Food Service Director. The Food Service Director then pulls up the Meal Magic application and enters the required verification information received. The POS system generates a letter for mailing of the verification. A copy of each letter generated and mailed is kept in the office files.

Anticipated Completion Date:

- 1) This will be updated at the end of the 2015-2016 school year.
- 2) The POS currently does the letter/verification service.

The HS manager will sign-off on verification beginning with the 2016-2017 school year.

Aline Busse

(Signature)

Business Manager

(Title)

5/5/2016

(Date)



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STACEY M. SCHMIDT, Ph.D.
Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: J. Holmquest: 219-477-4933 x 2141
A Busse: 219-477-4933 x 1103

Views of Responsible Official:

1. We concur that during the audit period a portion of various non-Food Service employees' salaries were charged to the Food Service Fund as a cost-sharing measure for corporation wide operating costs. No time and effort logs were maintained since 2010 when this practice began.
2. Time cards were calculated by employee and verified by supervisor, but errors were present.

Description of Corrective Action Plan:

1. The cost-sharing measure will be updated each school year with the principals of each building advising who will be doing lunch duties and the times of services. This list will be approved by the Food Service Director after calculations have been done by the Business Manager. The Food Service payroll is processed in the central office and reimbursed on a monthly basis. The non-service employees' charges are listed on payroll distribution and deduction reports and a monthly report will be sent with each month's payroll reimbursement request. The distribution and deduction reports will verify the annual breakout approved at the beginning of each school year.
2. As of April 2016, we have moved to OnTheClock.com for all hourly employees. The system automatically calculates each employee's time so no future math errors should occur.

Anticipated Completion Date:

1. New calculations were done in March 2015.
1. This will be updated annually beginning with the 2016-2017 school year.
2. This started with the April 22, 2016 payroll.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: Jessica Holmquest: 219-477-4933 x 2141
Aline Busse: 219-477-4933 x 1103

Views of Responsible Official: Aline Busse

All records audited were done by our previous Food Service Director. She left June 30, 2015. Our new Food Service Director, Jessica Holmquest, started July 1, 2015.

During the audit period there were no adequate records maintained regarding the Food Service Fund cash balance being limited to three month's average expenditures. Mrs. Holmquest was hired as our Food Service Director July 1, 2015, therefore none of the audited records were prepared under her supervision.

Description of Corrective Action Plan:

A spreadsheet that will compute a 3-month expenditure rolling average amount will be created and used to compare with the month-end cash balance of the Food Service fund. These amounts and balances will be taken from the monthly financial software expenditure and fund reports, copies of which will be retained with the monthly Food Service Department and Business Manager Office fund reports and bank reconciliation records. The Food Service Director will prepare the monthly bank reconciliation and balance calculation and then send records to the Business Manager for review and approval. The Business Manager will work with the Deputy Treasurer with all monthly documentation to complete a 3-month expenditure average and bank reconciliation review and approval. The spreadsheet and supporting documentation shall be retained with the monthly bank reconciliation report in accordance with state and federal record guidelines.

Anticipated Completion Date:
This plan will begin with the May 2016-month end.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: Jessica Holmquest: 219-477-4933 x 2141
Aline Busse: 219-477-4933 x 1103

Views of Responsible Official: Aline Busse

The Board did not approve bids or verify that vendors were not suspended or debarred from participation in federal programs.

The previous Food Service Director rejected the lowest bread bid for the 2014/2015 school year and stated the reason for the rejection to NWIESC and then in turn awarded the bid to the highest bidder instead of to the next lowest bidder. It is unknown why she did this.

Description of Corrective Action Plan:

As a member of the Northwest Indiana Education Service Center (NWIESC) the school corporation annually participates in a cooperative bid for bread and milk to be used in the School Lunch Program. The bid documents from the Service Center will include the certification for the Suspension/Debarment requirement for any bidding process. Acceptance of the most responsive and responsible vendors from the NWIESC cooperative bids for bread and milk shall be recommended by the Food Service Director to the Superintendent for presentation to the Board of School Trustees for approval. The minutes of the Board meeting at which the recommendation is acted upon shall serve as documentation of the acceptance of these vendors' bids.

The Food Service Director will now follow Indiana Code 5-22-7-8 maintaining all documentation for bids as well as presenting them to the Superintendent for Board of School Trustee approval.

A copy of all bids and Board minutes will be kept in the office files.

Anticipated Completion Date:

This plan will begin with the 2016-2017 school year.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-007

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: Jessica Holmquest: 219-477-4933 x 2141
Aline Busse: 219-477-4933 x 1103

Views of Responsible Official: Aline Busse

The previous Food Service Director did not set-up Fund 8400 for Pre-Paid Food collections.

Description of Corrective Action Plan:

The Food Service Director has been preparing to establish the Pre-Paid Food clearing account. The department needs to update their software program. After the updated software program is purchased and all records set-up, the clearing account 8400 will be established. All lunch and breakfast program income will be deposited into the 8400 clearing account as it is received. Monthly income will be transferred and recorded to the appropriate accounts in the Food Service Fund 0800. All income recognition will be documented through the Food Service Meal Magic software program Daily Cash received reports and any other supporting documentation as the program can produce. This will be done by the Food Service Director on no less than a monthly basis. The balance of pre-paid food funds that remain in the clearing account at the end of each month shall be balanced with the roster of student account balances as maintained by the Meal Magic student account system records. A month-end summary report of the roster will be provided to the Business Manager and be reviewed and included with the month end bank reconciliation documentation. The Deputy Treasurer shall verify and initial all reports balance. All documentation will be maintained with the month-end bank reconciliation records.

Anticipated Completion Date:

This plan will begin with the 2016-2017 school year.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: Jessica Holmquest, Food Service Director
Aline Busse, Business Manager/Treasurer

Contact Phone Number: Jessica Holmquest: 219-477-4933 x 2141
Aline Busse: 219-477-4933 x 1103

Views of Responsible Official: Aline Busse

The previous Food Service Director did not have any additional personnel verify reports and balances.

Description of Corrective Action Plan:

The current Food Service Director will prepare the monthly reimbursement reports, Annual Financial Report and any other required reports. The high school manager will review and verify all documentation for the reimbursement reports. The high school manager will review and approve all other documentation for the preparation of the Annual Financial Report and all other required reporting. All documentation shall be initialed and maintained in the file with each report.

The Food Service Director sends documentation to the central office with the monthly total reimbursement request to be recorded with the ACH deposit received. This report is filed with the monthly receipt. All documentation will be verified by the HS manager prior to filing the state reimbursement request.

Anticipated Completion Date:

The high school manager reviews will begin with the 2016-17 school year.
The monthly reimbursement reports started with the 2015-16 school year.

Aline Busse

(Signature)

Business Manager

(Title)

5/5/2016

(Date)



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Superintendent

BEN PARRISH
Assistant Superintendent

ALINE BUSSE
Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-009

Contact Person Responsible for Corrective Action: Ms. Quinn Van Rys, CFO (PCES)
Porter County Education Services Cooperative
Aline Busse, Business Manager/Treasurer

Contact Phone Number: Quinn Van Rys: 219-850-1911
Aline Busse: 219-477-4933 x 1103

Description of Corrective Action Plan:

- 1) Activities Allowed, Allowable Costs and Period of Availability: PCES hourly employees' time sheets will be matched with the payroll accounting code report that indicates which employees were paid from which accounts. The report and time sheets will be reviewed to insure correct payment of personnel and such review evidenced by the PCES CFO (initial & date). The certified teaching staff hired by the PCES board specifically for special education are for grant eligible positions. Certified staff members and the account codes from which they are paid are also included with the payroll code report review process.
- 2) Period of Availability: Monthly, PCES personnel review the summary of receipts and expenditures for each grant fund. A comparison of YTD receipts, expenditures, and total approved budget amounts for each grant provides on-going monitoring to determine the amount of grant funds still available for expenditure. Once the budget amount has been expended, the grant fund accounts are closed (deactivated) so that additional expenditures from a subsequent period cannot be charged to the completed grant. Such review will be evidenced by initial and date of the PCES reviewer.
- 3) Level of Effort- Maintenance of Effort (MOE): PCES personnel calculate the member corporations' MOE each fiscal year. PCES will complete the calculation, summarize the underlying data, and provide that information to each member district for review/acknowledgement and evidence of such by the member district. PCES will maintain this evidenced documentation for audit review.

Anticipated Completion Date:
This will begin with the 2016-17 school year.

Aline Busse
(Signature)

Business Manager
(Title)

5/5/2016
(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/>.