

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PORTAGE TOWNSHIP SCHOOLS
PORTER COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
04/11/2018

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report | 3-5 |
| 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 <i>Government Auditing Standards</i> | 6-7 |
| Financial Statement and Accompanying Notes: | |
| Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis | 10-11 |
| Notes to Financial Statement | 12-17 |
| Other Information - Unaudited: | |
| Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis | 20-33 |
| Schedule of Payables and Receivables | 34 |
| Schedule of Leases and Debt | 35 |
| Schedule of Capital Assets | 37 |
| Supplemental Audit of Federal Awards: | |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance | 40-42 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: | |
| Schedule of Expenditures of Federal Awards | 44-45 |
| Notes to Schedule of Expenditures of Federal Awards | 46 |
| Schedule of Findings and Questioned Costs | 47-53 |
| Auditee-Prepared Documents: | |
| Summary Schedule of Prior Audit Findings | 56-60 |
| Corrective Action Plan | 61-64 |
| Other Reports | 65 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-------------------------------------|--|
| Director of Finance/Treasurer | Wendy Kulczyk | 07-01-15 to 06-30-18 |
| Superintendent of Schools | Richard Weigel Dr. Amanda Alaniz | 07-01-15 to 12-07-16 12-08-16 to 06-30-18 |
| President of the School Board | Cheryl Oprisko Andy Maletta | 01-01-15 to 12-31-15 01-01-16 to 12-31-18 |



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Portage Township Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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 from 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 to 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 March 19, 2018, 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 solely 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 effectiveness of the School Corporation's 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

March 19, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited, 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 Portage Township Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated March 19, 2018, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

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

March 19, 2018

(This page intentionally left blank.)

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.

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

| Fund | Cash and Investments 07-01-15 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-16 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-17 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General | \$ 16,134,583 | \$ 52,521,503 | \$ 52,041,505 | \$ 38,429 | \$ 16,653,010 | \$ 53,033,127 | \$ 51,799,596 | \$ - | \$ 17,886,541 |
| Debt Service | 3,183,959 | 6,665,219 | 6,340,693 | (256,872) | 3,251,613 | 6,340,357 | 6,282,623 | (568,621) | 2,740,726 |
| Retirement/Severance Bond Debt Service | 629,951 | 1,352,953 | 1,373,225 | (46,664) | 563,015 | 1,222,377 | 1,369,661 | (46,038) | 369,693 |
| Capital Projects | 1,785,981 | 3,923,653 | 4,576,754 | 123,117 | 1,255,997 | 3,941,908 | 3,928,475 | 114,742 | 1,384,172 |
| School Transportation | 5,853,084 | 3,852,364 | 3,508,869 | (321,988) | 5,874,591 | 4,232,645 | 3,487,976 | (375,436) | 6,243,824 |
| School Bus Replacement | 1,065,347 | 1,057,556 | 1,053,939 | 35,365 | 1,104,329 | 916,500 | 910,738 | 26,273 | 1,136,364 |
| Rainy Day | 17,169,369 | - | 865,705 | 500,000 | 16,803,664 | - | 4,156,884 | 528,267 | 13,175,047 |
| Retirement/Severance Bond | 2,268,600 | 1,039 | - | - | 2,269,639 | 2,721 | - | - | 2,272,360 |
| Post-Retirement/Severance Future Benefits | 2,175,116 | 998 | 1,250 | - | 2,174,864 | 2,550 | 79,584 | - | 2,097,830 |
| Construction | 9,432 | - | - | 2,500 | 11,932 | - | - | - | 11,932 |
| School Lunch | 1,960,422 | 3,800,634 | 3,744,335 | 190 | 2,016,911 | 3,808,722 | 3,749,911 | 34 | 2,075,756 |
| Textbook Rental | 1,204,657 | 998,793 | 223,122 | - | 1,980,328 | 1,028,973 | 1,210,855 | 342,825 | 2,141,271 |
| Self-Insurance | 6,129,087 | 6,022,915 | 5,801,635 | - | 6,350,367 | 6,453,495 | 6,608,204 | - | 6,195,658 |
| Levy Excess | - | - | - | - | - | 1,444 | - | - | 1,444 |
| School Library Printed Material | 2,921 | 45,597 | 6,264 | (42,254) | - | 3,664 | - | - | 3,664 |
| SAFE School Haven 2014 Grant | (5,075) | 5,075 | - | - | - | - | - | - | - |
| SAFE School Haven 2015 Grant | - | 5,075 | 10,150 | - | (5,075) | 5,075 | - | - | - |
| SAFE School Haven 2016 Grant | - | - | - | - | - | 20,530 | 30,000 | - | (9,470) |
| Early Intervention Grant | - | - | - | - | - | 37,564 | - | - | 37,564 |
| Lilly Counseling 2017 Grant | - | - | - | - | - | 50,000 | 17,041 | - | 32,959 |
| Kostel Donation | 1,423 | - | - | - | 1,423 | - | - | - | 1,423 |
| Little Bear | 400 | - | - | - | 400 | - | - | - | 400 |
| Project Lead the Way | 17,600 | 10,000 | 16,034 | - | 11,566 | 5,000 | 11,566 | - | 5,000 |
| Project Lead the Way Engineering | - | - | - | - | - | 35,000 | 17,600 | - | 17,400 |
| Scholarships and Awards | 1,031 | - | - | - | 1,031 | - | - | - | 1,031 |
| Culinary Scholarship | 593 | - | - | - | 593 | - | - | - | 593 |
| Dold English Scholarship | - | 30,000 | 1,500 | - | 28,500 | - | 1,500 | - | 27,000 |
| Portage Township Education Foundation-2010 | 2,285 | - | - | - | 2,285 | - | - | (2,285) | - |
| Portage Township Education Foundation-2013 | 643 | - | - | - | 643 | - | - | (643) | - |
| Portage Township Education Foundation-2014 | 885 | - | 562 | - | 323 | - | - | (323) | - |
| Portage Township Education Foundation-2015 | 15,266 | - | 11,668 | - | 3,598 | - | - | (3,598) | - |
| Portage Township Education Foundation-2016 | - | - | - | - | - | - | 6,184 | 6,849 | 665 |
| Donations and Trust | 60,698 | 134,968 | 135,469 | - | 60,197 | 109,432 | 116,427 | - | 53,202 |
| Arcellormittal 2016 Grant | - | - | - | - | - | 10,000 | 4,176 | - | 5,824 |
| Arcellormittal 2014 STEM | 686 | - | 595 | - | 91 | - | 91 | - | - |
| Arcellormittal 2014 PHS | 5,138 | - | 1,699 | - | 3,439 | - | 3,439 | - | - |
| Arcellormittal 2014 WC | 1,793 | - | 1,785 | - | 8 | - | 8 | - | - |

PORTAGE TOWNSHIP SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

| Fund | Cash and Investments 07-01-15 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-16 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-17 |
|--|-------------------------------------|-----------------------|-----------------------|--------------------------------------|-------------------------------------|-----------------------|-----------------------|--------------------------------------|-------------------------------------|
| Arcelormittal 2015 PHS | - | 10,000 | 5,064 | - | 4,936 | - | 4,936 | - | - |
| Arcelormittal 2015 PLTW | - | 20,000 | 20,000 | - | - | - | - | - | - |
| Formative Assessment | - | 22,014 | - | - | 22,014 | 99,526 | 121,540 | - | - |
| Excellence in Performance Award Grants | 6,617 | - | 6,617 | - | - | - | - | - | - |
| High Ability Grant 2015-2016 | - | 64,097 | 51,426 | - | 12,671 | - | 12,671 | - | - |
| High Ability Grant 2016-2017 | - | - | - | - | - | 60,565 | 54,112 | - | 6,453 |
| Computer Consortium/Ed Tech Advance | (5,109) | 275,765 | 270,656 | - | - | 924,300 | 951,342 | - | (27,042) |
| Secured Schools Safety Grant | - | 49,596 | 49,596 | - | - | 50,000 | 99,800 | - | (49,800) |
| NESP Grant 2014-2015 | 5,810 | - | 5,810 | - | - | - | - | - | - |
| NESP Grant 2015-2016 | - | 35,081 | 25,164 | - | 9,917 | - | 9,917 | - | - |
| NESP Grant 2016-2017 | - | - | - | - | - | 32,163 | 27,146 | - | 5,017 |
| School Technology | 2,017 | 361,206 | 337,133 | - | 26,090 | 758,076 | 664,773 | - | 119,393 |
| Career and Technical Performance Grant | - | - | - | - | - | 43,371 | 43,370 | - | 1 |
| Performance Based Awards | 9,847 | - | 9,847 | - | - | - | - | - | - |
| Performance Based Awards 2016 | - | 212,325 | 212,325 | - | - | - | - | - | - |
| Performance Based Awards 2017 | - | - | - | - | - | 153,825 | 153,825 | - | - |
| Academy of Finance | 11 | - | - | - | 11 | - | - | - | 11 |
| Senator David Ford Technology | (15,000) | 28,850 | 13,850 | - | - | - | - | - | - |
| Recycle Learning | 54 | - | - | - | 54 | - | - | - | 54 |
| Title I 2014-15 | (89,442) | 417,533 | 328,091 | - | - | - | - | - | - |
| Title I 2015-2016 | - | 862,680 | 988,101 | - | (125,421) | 416,731 | 291,310 | - | - |
| Title I 2016-2017 | - | - | - | - | - | 709,218 | 828,473 | - | (119,255) |
| Title II PT A IMPR 2015 | (11,949) | 86,630 | 74,681 | - | - | - | - | - | - |
| Title II PT A IMPR 2016 | (8,312) | 134,230 | 150,794 | - | (24,876) | 119,844 | 94,968 | - | - |
| Title II PT A IMPR 2017 | - | - | - | - | - | 124,649 | 151,301 | - | (26,652) |
| Title III LEP 2012-13 | - | 732 | 732 | - | - | - | - | - | - |
| Title III LEP 2014-15 | (1,219) | 7,759 | 6,553 | - | (13) | 1,410 | 1,397 | - | - |
| Title III LEP 2015-16 | - | 13,531 | 15,228 | - | (1,697) | 17,227 | 15,615 | - | (85) |
| Title III LEP 2016-17 | - | - | - | - | - | 10,061 | 11,627 | - | (1,566) |
| Payroll Clearing | 783,934 | 25,198,749 | 24,375,398 | - | 1,607,285 | 24,149,186 | 24,853,413 | - | 903,058 |
| Prepaid Food Fund | - | 870,402 | 783,761 | - | 86,641 | 1,138,528 | 1,020,509 | - | 204,660 |
| Totals | <u>\$ 60,353,134</u> | <u>\$ 109,099,522</u> | <u>\$ 107,447,585</u> | <u>\$ 31,823</u> | <u>\$ 62,036,894</u> | <u>\$ 110,069,764</u> | <u>\$ 113,204,584</u> | <u>\$ 22,046</u> | <u>\$ 58,924,120</u> |

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Local sources. Amounts received as distribution including taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grants and certain loan expenditures for which reimbursements had not been received prior to June 30, 2016 and 2017.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the Portage Township Multi-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 ending June 30, 2016 and 2017, totaled \$5,112,000 and \$5,090,000, respectively.

PORTAGE TOWNSHIP SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Subsequent Events*

In May of 2017, The Portage Township Multi-School Building Corporation issued \$24,130,000 of Ad Valorem Property Tax First Mortgage Refunding Bonds. The 2017 Bond Series refunded \$23,885,000 of Bond Series 2007, outstanding First Mortgage Refunding Bonds, and provided for issuance costs and \$2,000,000 in savings. The savings from the refunding are being held and distributed by U.S. Bank to finance district construction projects including a \$7,000,000 renovation of the west side of Portage High School.

Note 10. *Other Postemployment Benefits*

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

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Governmental Units 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 School Corporation's Financial Reports 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.

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Retirement/ Severance Bond | Post- Retirement/ Severance Future Benefits | Construction |
|---|---------------|--------------|---|---------------------|--------------------------|------------------------------|---------------|----------------------------------|---|--------------|
| Cash and investments - beginning | \$ 16,134,583 | \$ 3,183,959 | \$ 629,951 | \$ 1,785,981 | \$ 5,853,084 | \$ 1,065,347 | \$ 17,169,369 | \$ 2,268,600 | \$ 2,175,116 | \$ 9,432 |
| Receipts: | | | | | | | | | | |
| Local sources | 1,397,208 | 6,665,219 | 1,352,953 | 3,923,653 | 3,850,319 | 1,057,556 | - | 1,039 | 998 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | 51,025,411 | - | - | - | - | - | - | - | - | - |
| Federal sources | 71,963 | - | - | - | - | - | - | - | - | - |
| Other receipts | 26,921 | - | - | - | 2,045 | - | - | - | - | - |
| Total receipts | 52,521,503 | 6,665,219 | 1,352,953 | 3,923,653 | 3,852,364 | 1,057,556 | - | 1,039 | 998 | - |
| Disbursements: | | | | | | | | | | |
| Instruction | 34,955,808 | - | - | - | - | - | - | - | - | - |
| Support services | 16,445,623 | - | - | 2,271,264 | 3,508,869 | 932,936 | - | - | 1,250 | - |
| Noninstructional services | 600,074 | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | 40,000 | - | - | 2,305,490 | - | - | 865,705 | - | - | - |
| Debt service | - | 6,340,693 | 1,373,225 | - | - | 121,003 | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 52,041,505 | 6,340,693 | 1,373,225 | 4,576,754 | 3,508,869 | 1,053,939 | 865,705 | - | 1,250 | - |
| Excess (deficiency) of receipts over disbursements | 479,998 | 324,526 | (20,272) | (653,101) | 343,495 | 3,617 | (865,705) | 1,039 | (252) | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | 2,091 | - | - | - | 27,042 | - | - | - | - | 2,500 |
| Transfers in | 42,254 | - | - | 123,117 | 150,970 | 35,365 | 500,000 | - | - | - |
| Transfers out | (5,916) | (256,872) | (46,664) | - | (500,000) | - | - | - | - | - |
| Total other financing sources (uses) | 38,429 | (256,872) | (46,664) | 123,117 | (321,988) | 35,365 | 500,000 | - | - | 2,500 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 518,427 | 67,654 | (66,936) | (529,984) | 21,507 | 38,982 | (365,705) | 1,039 | (252) | 2,500 |
| Cash and investments - ending | \$ 16,653,010 | \$ 3,251,613 | \$ 563,015 | \$ 1,255,997 | \$ 5,874,591 | \$ 1,104,329 | \$ 16,803,664 | \$ 2,269,639 | \$ 2,174,864 | \$ 11,932 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | School Lunch | Textbook Rental | Self-Insurance | Levy Excess | School Library Printed Material | SAFE School Haven 2014 Grant | SAFE School Haven 2015 Grant | SAFE School Haven 2016 Grant | Early Intervention Grant | Lilly Counseling 2017 Grant |
|---|--------------|-----------------|----------------|-------------|---------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|-----------------------------|
| Cash and investments - beginning | \$ 1,960,422 | \$ 1,204,657 | \$ 6,129,087 | \$ - | \$ 2,921 | \$ (5,075) | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | 1,205,540 | 668,306 | 6,022,915 | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | 5,075 | 5,075 | - | - | - |
| State sources | 32,245 | 329,737 | - | - | 45,597 | - | - | - | - | - |
| Federal sources | 2,562,069 | - | - | - | - | - | - | - | - | - |
| Other receipts | 780 | 750 | - | - | - | - | - | - | - | - |
| Total receipts | 3,800,634 | 998,793 | 6,022,915 | - | 45,597 | 5,075 | 5,075 | - | - | - |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | 68,947 | - | 6,264 | - | - | - | - | - |
| Support services | 64,580 | 223,122 | - | - | - | - | 10,150 | - | - | - |
| Noninstructional services | 3,679,755 | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | 5,732,688 | - | - | - | - | - | - | - |
| Total disbursements | 3,744,335 | 223,122 | 5,801,635 | - | 6,264 | - | 10,150 | - | - | - |
| Excess (deficiency) of receipts over disbursements | 56,299 | 775,671 | 221,280 | - | 39,333 | 5,075 | (5,075) | - | - | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | 190 | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (42,254) | - | - | - | - | - |
| Total other financing sources (uses) | 190 | - | - | - | (42,254) | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 56,489 | 775,671 | 221,280 | - | (2,921) | 5,075 | (5,075) | - | - | - |
| Cash and investments - ending | \$ 2,016,911 | \$ 1,980,328 | \$ 6,350,367 | \$ - | \$ - | \$ - | \$ (5,075) | \$ - | \$ - | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | Kostel Donation | Little Bear | Project Lead the Way | Project Lead the Way Engineering | Scholarships and Awards | Culinary Scholarship | Dold English Scholarship | Portage Township Education Foundation- 2010 | Portage Township Education Foundation- 2013 | Portage Township Education Foundation- 2014 |
|---|--------------------|----------------|-------------------------------|--|-------------------------------|-------------------------|--------------------------------|---|---|---|
| Cash and investments - beginning | \$ 1,423 | \$ 400 | \$ 17,600 | \$ - | \$ 1,031 | \$ 593 | \$ - | \$ 2,285 | \$ 643 | \$ 885 |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | 10,000 | - | - | - | 30,000 | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 10,000 | - | - | - | 30,000 | - | - | - |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | 16,034 | - | - | - | - | - | - | 562 |
| Support services | - | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | 1,500 | - | - | - |
| Total disbursements | - | - | 16,034 | - | - | - | 1,500 | - | - | 562 |
| Excess (deficiency) of receipts over disbursements | - | - | (6,034) | - | - | - | 28,500 | - | - | (562) |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | (6,034) | - | - | - | 28,500 | - | - | (562) |
| Cash and investments - ending | \$ 1,423 | \$ 400 | \$ 11,566 | \$ - | \$ 1,031 | \$ 593 | \$ 28,500 | \$ 2,285 | \$ 643 | \$ 323 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | Portage Township Education Foundation- 2015 | Portage Township Education Foundation- 2016 | Donations and Trust | Arcelormittal 2016 Grant | Arcelormittal 2014 STEM | Arcelormittal 2014 PHS | Arcelormittal 2014 WC | Arcelormittal 2015 PHS | Arcelormittal 2015 PLTW | Formative Assessment |
|---|---|---|---------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------|
| Cash and investments - beginning | \$ 15,266 | \$ - | \$ 60,698 | \$ - | \$ 686 | \$ 5,138 | \$ 1,793 | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | 134,968 | - | - | - | - | 10,000 | 20,000 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - | 22,014 |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 134,968 | - | - | - | - | 10,000 | 20,000 | 22,014 |
| Disbursements: | | | | | | | | | | |
| Instruction | 11,668 | - | 128,030 | - | 595 | 1,699 | 1,785 | 5,064 | 20,000 | - |
| Support services | - | - | 5,956 | - | - | - | - | - | - | - |
| Noninstructional services | - | - | 498 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | 985 | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 11,668 | - | 135,469 | - | 595 | 1,699 | 1,785 | 5,064 | 20,000 | - |
| Excess (deficiency) of receipts over disbursements | (11,668) | - | (501) | - | (595) | (1,699) | (1,785) | 4,936 | - | 22,014 |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (11,668) | - | (501) | - | (595) | (1,699) | (1,785) | 4,936 | - | 22,014 |
| Cash and investments - ending | \$ 3,598 | \$ - | \$ 60,197 | \$ - | \$ 91 | \$ 3,439 | \$ 8 | \$ 4,936 | \$ - | \$ 22,014 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | Excellence in Performance Award Grants | High Ability Grant 2015- 2016 | High Ability Grant 2016- 2017 | Computer Consortium/ Ed Tech Advance | Secured Schools Safety Grant | NESP Grant 2014-2015 | NESP Grant 2015-2016 | NESP Grant 2016-2017 | School Technology | Career and Technical Performance Grant |
|---|--|---|---|---|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------|---|
| Cash and investments - beginning | \$ 6,617 | \$ - | \$ - | \$ (5,109) | \$ - | \$ 5,810 | \$ - | \$ - | \$ 2,017 | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 356,802 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | 64,097 | - | 275,765 | 49,596 | - | 35,081 | - | 4,404 | - |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | 64,097 | - | 275,765 | 49,596 | - | 35,081 | - | 361,206 | - |
| Disbursements: | | | | | | | | | | |
| Instruction | 6,617 | 51,426 | - | - | - | 4,288 | 25,099 | - | - | - |
| Support services | - | - | - | 270,656 | - | 985 | 65 | - | 337,133 | - |
| Noninstructional services | - | - | - | - | - | 537 | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 49,596 | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 6,617 | 51,426 | - | 270,656 | 49,596 | 5,810 | 25,164 | - | 337,133 | - |
| Excess (deficiency) of receipts over disbursements | (6,617) | 12,671 | - | 5,109 | - | (5,810) | 9,917 | - | 24,073 | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (6,617) | 12,671 | - | 5,109 | - | (5,810) | 9,917 | - | 24,073 | - |
| Cash and investments - ending | \$ - | \$ 12,671 | \$ - | \$ - | \$ - | \$ - | \$ 9,917 | \$ - | \$ 26,090 | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | Performance Based Awards | Performance Based Awards 2016 | Performance Based Awards 2017 | Academy of Finance | Senator David Ford Technology | Recycle Learning | Title I 2014-15 | Title I 2015-2016 | Title I 2016-2017 | Title II PT A IMPR 2015 |
|---|--------------------------------|--|--|-----------------------|--|---------------------|--------------------|----------------------|----------------------|----------------------------------|
| Cash and investments - beginning | \$ 9,847 | \$ - | \$ - | \$ 11 | \$ (15,000) | \$ 54 | \$ (89,442) | \$ - | \$ - | \$ (11,949) |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | 212,325 | - | - | 28,850 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | 417,533 | 862,680 | - | 86,630 |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | 212,325 | - | - | 28,850 | - | 417,533 | 862,680 | - | 86,630 |
| Disbursements: | | | | | | | | | | |
| Instruction | 9,847 | 212,325 | - | - | - | - | 251,304 | 833,927 | - | - |
| Support services | - | - | - | - | 13,850 | - | 55,994 | 127,698 | - | 74,681 |
| Noninstructional services | - | - | - | - | - | - | 20,793 | 26,476 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 9,847 | 212,325 | - | - | 13,850 | - | 328,091 | 988,101 | - | 74,681 |
| Excess (deficiency) of receipts over disbursements | (9,847) | - | - | - | 15,000 | - | 89,442 | (125,421) | - | 11,949 |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (9,847) | - | - | - | 15,000 | - | 89,442 | (125,421) | - | 11,949 |
| Cash and investments - ending | \$ - | \$ - | \$ - | \$ 11 | \$ - | \$ 54 | \$ - | \$ (125,421) | \$ - | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

| | Title II PT A IMPR 2016 | Title II PT A IMPR 2017 | Title III LEP 2012-13 | Title III LEP 2014-15 | Title III LEP 2015-16 | Title III LEP 2016-17 | Payroll Clearing | Prepaid Food Fund | Totals |
|---|----------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|-------------------------|---------------|
| Cash and investments - beginning | \$ (8,312) | \$ - | \$ - | \$ (1,219) | \$ - | \$ - | \$ 783,934 | \$ - | \$ 60,353,134 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 26,707,476 |
| Intermediate sources | - | - | - | - | - | - | - | - | 10,150 |
| State sources | - | - | - | - | - | - | - | - | 52,125,122 |
| Federal sources | 134,230 | - | 732 | 7,759 | 13,531 | - | - | - | 4,157,127 |
| Other receipts | - | - | - | - | - | - | 25,198,749 | 870,402 | 26,099,647 |
| Total receipts | 134,230 | - | 732 | 7,759 | 13,531 | - | 25,198,749 | 870,402 | 109,099,522 |
| Disbursements: | | | | | | | | | |
| Instruction | - | - | - | 6,477 | 15,193 | - | - | - | 36,632,959 |
| Support services | 150,794 | - | 732 | 76 | 35 | - | - | - | 24,496,449 |
| Noninstructional services | - | - | - | - | - | - | - | - | 4,328,133 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 3,261,776 |
| Debt service | - | - | - | - | - | - | - | - | 7,834,921 |
| Nonprogrammed charges | - | - | - | - | - | - | 24,375,398 | 783,761 | 30,893,347 |
| Total disbursements | 150,794 | - | 732 | 6,553 | 15,228 | - | 24,375,398 | 783,761 | 107,447,585 |
| Excess (deficiency) of receipts over disbursements | (16,564) | - | - | 1,206 | (1,697) | - | 823,351 | 86,641 | 1,651,937 |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | 31,823 |
| Transfers in | - | - | - | - | - | - | - | - | 851,706 |
| Transfers out | - | - | - | - | - | - | - | - | (851,706) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 31,823 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (16,564) | - | - | 1,206 | (1,697) | - | 823,351 | 86,641 | 1,683,760 |
| Cash and investments - ending | \$ (24,876) | \$ - | \$ - | \$ (13) | \$ (1,697) | \$ - | \$ 1,607,285 | \$ 86,641 | \$ 62,036,894 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Retirement/ Severance Bond | Post- Retirement/ Severance Future Benefits | Construction |
|---|---------------|--------------|---|---------------------|--------------------------|------------------------------|---------------|----------------------------------|---|--------------|
| Cash and investments - beginning | \$ 16,653,010 | \$ 3,251,613 | \$ 563,015 | \$ 1,255,997 | \$ 5,874,591 | \$ 1,104,329 | \$ 16,803,664 | \$ 2,269,639 | \$ 2,174,864 | \$ 11,932 |
| Receipts: | | | | | | | | | | |
| Local sources | 1,439,422 | 6,340,357 | 1,222,377 | 3,941,908 | 4,232,145 | 916,500 | - | 2,721 | 2,550 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | 51,500,301 | - | - | - | - | - | - | - | - | - |
| Federal sources | 58,649 | - | - | - | - | - | - | - | - | - |
| Other receipts | 34,755 | - | - | - | 500 | - | - | - | - | - |
| Total receipts | 53,033,127 | 6,340,357 | 1,222,377 | 3,941,908 | 4,232,645 | 916,500 | - | 2,721 | 2,550 | - |
| Disbursements: | | | | | | | | | | |
| Instruction | 34,047,548 | - | - | - | - | - | - | - | - | - |
| Support services | 17,076,553 | - | - | 2,041,262 | 3,487,976 | 910,738 | - | - | 79,584 | - |
| Noninstructional services | 611,055 | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | 64,440 | - | - | 1,887,213 | - | - | 4,156,884 | - | - | - |
| Debt service | - | 6,282,623 | 1,369,661 | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 51,799,596 | 6,282,623 | 1,369,661 | 3,928,475 | 3,487,976 | 910,738 | 4,156,884 | - | 79,584 | - |
| Excess (deficiency) of receipts over disbursements | 1,233,531 | 57,734 | (147,284) | 13,433 | 744,669 | 5,762 | (4,156,884) | 2,721 | (77,034) | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | 22,012 | - | - | - | - | - |
| Transfers in | - | - | - | 114,742 | 130,819 | 26,273 | 528,267 | - | - | - |
| Transfers out | - | (568,621) | (46,038) | - | (528,267) | - | - | - | - | - |
| Total other financing sources (uses) | - | (568,621) | (46,038) | 114,742 | (375,436) | 26,273 | 528,267 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,233,531 | (510,887) | (193,322) | 128,175 | 369,233 | 32,035 | (3,628,617) | 2,721 | (77,034) | - |
| Cash and investments - ending | \$ 17,886,541 | \$ 2,740,726 | \$ 369,693 | \$ 1,384,172 | \$ 6,243,824 | \$ 1,136,364 | \$ 13,175,047 | \$ 2,272,360 | \$ 2,097,830 | \$ 11,932 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | School Lunch | Textbook Rental | Self-Insurance | Levy Excess | School Library Printed Material | SAFE School Haven 2014 Grant | SAFE School Haven 2015 Grant | SAFE School Haven 2016 Grant | Early Intervention Grant | Lilly Counseling 2017 Grant |
|---|--------------|-----------------|----------------|-------------|---------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|-----------------------------|
| Cash and investments - beginning | \$ 2,016,911 | \$ 1,980,328 | \$ 6,350,367 | \$ - | \$ - | \$ - | \$ (5,075) | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | 1,065,864 | 687,541 | 6,453,495 | 1,444 | - | - | - | - | - | 50,000 |
| Intermediate sources | - | - | - | - | - | - | 5,075 | 20,530 | - | - |
| State sources | 31,556 | 340,683 | - | - | 3,664 | - | - | - | 37,564 | - |
| Federal sources | 2,710,412 | - | - | - | - | - | - | - | - | - |
| Other receipts | 890 | 749 | - | - | - | - | - | - | - | - |
| Total receipts | 3,808,722 | 1,028,973 | 6,453,495 | 1,444 | 3,664 | - | 5,075 | 20,530 | 37,564 | 50,000 |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | 82,373 | - | - | - | - | - | - | - |
| Support services | 61,019 | 1,210,855 | - | - | - | - | - | 30,000 | - | 17,041 |
| Noninstructional services | 3,688,892 | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | 6,525,831 | - | - | - | - | - | - | - |
| Total disbursements | 3,749,911 | 1,210,855 | 6,608,204 | - | - | - | - | 30,000 | - | 17,041 |
| Excess (deficiency) of receipts over disbursements | 58,811 | (181,882) | (154,709) | 1,444 | 3,664 | - | 5,075 | (9,470) | 37,564 | 32,959 |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | 34 | - | - | - | - | - | - | - | - | - |
| Transfers in | - | 342,825 | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 34 | 342,825 | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 58,845 | 160,943 | (154,709) | 1,444 | 3,664 | - | 5,075 | (9,470) | 37,564 | 32,959 |
| Cash and investments - ending | \$ 2,075,756 | \$ 2,141,271 | \$ 6,195,658 | \$ 1,444 | \$ 3,664 | \$ - | \$ - | \$ (9,470) | \$ 37,564 | \$ 32,959 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | Kostel Donation | Little Bear | Project Lead the Way | Project Lead the Way Engineering | Scholarships and Awards | Culinary Scholarship | Dold English Scholarship | Portage Township Education Foundation- 2010 | Portage Township Education Foundation- 2013 | Portage Township Education Foundation- 2014 |
|---|--------------------|----------------|-------------------------------|--|-------------------------------|-------------------------|--------------------------------|---|---|---|
| Cash and investments - beginning | \$ 1,423 | \$ 400 | \$ 11,566 | \$ - | \$ 1,031 | \$ 593 | \$ 28,500 | \$ 2,285 | \$ 643 | \$ 323 |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | 5,000 | 35,000 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 5,000 | 35,000 | - | - | - | - | - | - |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | 11,566 | 17,600 | - | - | - | - | - | - |
| Support services | - | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | 1,500 | - | - | - |
| Total disbursements | - | - | 11,566 | 17,600 | - | - | 1,500 | - | - | - |
| Excess (deficiency) of receipts over disbursements | - | - | (6,566) | 17,400 | - | - | (1,500) | - | - | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (2,285) | (643) | (323) | |
| Total other financing sources (uses) | - | - | - | - | - | - | (2,285) | (643) | (323) | |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | (6,566) | 17,400 | - | - | (1,500) | (2,285) | (643) | (323) |
| Cash and investments - ending | \$ 1,423 | \$ 400 | \$ 5,000 | \$ 17,400 | \$ 1,031 | \$ 593 | \$ 27,000 | \$ - | \$ - | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | Portage Township Education Foundation- 2015 | Portage Township Education Foundation- 2016 | Donations and Trust | Arcelormittal 2016 Grant | Arcelormittal 2014 STEM | Arcelormittal 2014 PHS | Arcelormittal 2014 WC | Arcelormittal 2015 PHS | Arcelormittal 2015 PLTW | Formative Assessment |
|---|---|---|---------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------|
| Cash and investments - beginning | \$ 3,598 | \$ - | \$ 60,197 | \$ - | \$ 91 | \$ 3,439 | \$ 8 | \$ 4,936 | \$ - | \$ 22,014 |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | 109,432 | 10,000 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - | 99,526 |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 109,432 | 10,000 | - | - | - | - | - | 99,526 |
| Disbursements: | | | | | | | | | | |
| Instruction | - | 6,184 | 109,205 | 4,176 | 91 | 3,439 | 8 | 4,936 | - | - |
| Support services | - | - | 2,289 | - | - | - | - | - | - | 121,540 |
| Noninstructional services | - | - | 37 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | 4,896 | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | 6,184 | 116,427 | 4,176 | 91 | 3,439 | 8 | 4,936 | - | 121,540 |
| Excess (deficiency) of receipts over disbursements | - | (6,184) | (6,995) | 5,824 | (91) | (3,439) | (8) | (4,936) | - | (22,014) |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | 6,849 | - | - | - | - | - | - | - | - |
| Transfers out | (3,598) | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (3,598) | 6,849 | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (3,598) | 665 | (6,995) | 5,824 | (91) | (3,439) | (8) | (4,936) | - | (22,014) |
| Cash and investments - ending | \$ - | \$ 665 | \$ 53,202 | \$ 5,824 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | Excellence in Performance Award Grants | High Ability Grant 2015- 2016 | High Ability Grant 2016- 2017 | Computer Consortium/ Ed Tech Advance | Secured Schools Safety Grant | NESP Grant 2014-2015 | NESP Grant 2015-2016 | NESP Grant 2016-2017 | School Technology | Career and Technical Performance Grant |
|---|--|---|---|---|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------|---|
| Cash and investments - beginning | \$ - | \$ 12,671 | \$ - | \$ - | \$ - | \$ - | \$ 9,917 | \$ - | \$ 26,090 | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 751,768 | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | 60,565 | 924,300 | 50,000 | - | - | 32,163 | 6,308 | - |
| Federal sources | - | - | - | - | - | - | - | - | - | 43,371 |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 60,565 | 924,300 | 50,000 | - | - | 32,163 | 758,076 | 43,371 |
| Disbursements: | | | | | | | | | | |
| Instruction | - | 12,671 | 54,112 | - | - | - | 9,917 | 26,313 | - | 43,370 |
| Support services | - | - | - | 951,342 | - | - | - | 833 | 664,773 | - |
| Noninstructional services | - | - | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 99,800 | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | 12,671 | 54,112 | 951,342 | 99,800 | - | 9,917 | 27,146 | 664,773 | 43,370 |
| Excess (deficiency) of receipts over disbursements | - | (12,671) | 6,453 | (27,042) | (49,800) | - | (9,917) | 5,017 | 93,303 | 1 |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (12,671) | 6,453 | (27,042) | (49,800) | - | (9,917) | 5,017 | 93,303 | 1 |
| Cash and investments - ending | \$ - | \$ - | \$ 6,453 | \$ (27,042) | \$ (49,800) | \$ - | \$ - | \$ 5,017 | \$ 119,393 | \$ 1 |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | Performance Based Awards | Performance Based Awards 2016 | Performance Based Awards 2017 | Academy of Finance | Senator David Ford Technology | Recycle Learning | Title I 2014-15 | Title I 2015-2016 | Title I 2016-2017 | Title II PT A IMPR 2015 |
|---|--------------------------------|--|--|-----------------------|--|---------------------|--------------------|----------------------|----------------------|----------------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ 11 | \$ - | \$ 54 | \$ - | \$ (125,421) | \$ - | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - | - |
| State sources | - | - | 153,825 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | 416,731 | 709,218 | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 153,825 | - | - | - | - | 416,731 | 709,218 | - |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | 153,825 | - | - | - | - | 257,577 | 693,191 | - |
| Support services | - | - | - | - | - | - | - | 31,104 | 109,682 | - |
| Noninstructional services | - | - | - | - | - | - | - | 2,629 | 25,600 | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | 153,825 | - | - | - | - | 291,310 | 828,473 | - |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - | - | 125,421 | (119,255) | - |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | - | - | - | - | - | 125,421 | (119,255) | - |
| Cash and investments - ending | \$ - | \$ - | \$ - | \$ 11 | \$ - | \$ 54 | \$ - | \$ - | \$ (119,255) | \$ - |

PORTAGE TOWNSHIP SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

| | Title II PT A IMPR 2016 | Title II PT A IMPR 2017 | Title III LEP 2012-13 | Title III LEP 2014-15 | Title III LEP 2015-16 | Title III LEP 2016-17 | Payroll Clearing | Prepaid Food Fund | Totals |
|---|----------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|-------------------------|---------------|
| Cash and investments - beginning | \$ (24,876) | \$ - | \$ - | \$ (13) | \$ (1,697) | \$ - | \$ 1,607,285 | \$ 86,641 | \$ 62,036,894 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 27,267,524 |
| Intermediate sources | - | - | - | - | - | - | - | - | 25,605 |
| State sources | - | - | - | - | - | - | - | - | 53,240,455 |
| Federal sources | 119,844 | 124,649 | - | 1,410 | 17,227 | 10,061 | - | - | 4,211,572 |
| Other receipts | - | - | - | - | - | - | 24,149,186 | 1,138,528 | 25,324,608 |
| Total receipts | 119,844 | 124,649 | - | 1,410 | 17,227 | 10,061 | 24,149,186 | 1,138,528 | 110,069,764 |
| Disbursements: | | | | | | | | | |
| Instruction | - | - | - | 787 | 10,705 | 10,605 | - | - | 35,560,199 |
| Support services | 94,968 | 151,301 | - | 610 | 4,910 | 1,022 | - | - | 27,049,402 |
| Noninstructional services | - | - | - | - | - | - | - | - | 4,328,213 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 6,213,233 |
| Debt service | - | - | - | - | - | - | - | - | 7,652,284 |
| Nonprogrammed charges | - | - | - | - | - | - | 24,853,413 | 1,020,509 | 32,401,253 |
| Total disbursements | 94,968 | 151,301 | - | 1,397 | 15,615 | 11,627 | 24,853,413 | 1,020,509 | 113,204,584 |
| Excess (deficiency) of receipts over disbursements | 24,876 | (26,652) | - | 13 | 1,612 | (1,566) | (704,227) | 118,019 | (3,134,820) |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | 22,046 |
| Transfers in | - | - | - | - | - | - | - | - | 1,149,775 |
| Transfers out | - | - | - | - | - | - | - | - | (1,149,775) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 22,046 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 24,876 | (26,652) | - | 13 | 1,612 | (1,566) | (704,227) | 118,019 | (3,112,774) |
| Cash and investments - ending | \$ - | \$ (26,652) | \$ - | \$ - | \$ (85) | \$ (1,566) | \$ 903,058 | \$ 204,660 | \$ 58,924,120 |

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

| Government or Enterprise | Accounts Payable | Accounts Receivable |
|--------------------------|---------------------|------------------------|
| Governmental activities | <u>\$ 1,297,430</u> | <u>\$ 232,805</u> |

PORTAGE TOWNSHIP SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--|------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| Portage Township Multi-School Building Corporation | Fegely MS Refund | \$ 372,569 | 12/01/2016 | 12/30/2018 |
| Portage Township Multi-School Building Corporation | 2017 Refund | 2,598,000 | 05/17/2017 | 12/31/2028 |
| Portage Township Multi-School Building Corporation | Refund 2016C | 1,258,000 | 12/01/2016 | 06/30/2022 |
| Portage Township Multi-School Building Corporation | Refund 2016 B | 695,500 | 12/01/2016 | 12/31/2027 |
| Santander Leasing LLC | Bus GPS Purchase | 49,756 | 03/01/2013 | 09/01/2017 |
| Total of annual lease payments | | <u>\$ 4,973,825</u> | | |

| Type | Description of Debt | Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--------------------------|---------|--------------------------------|---|
| Governmental activities: | | | | |
| General obligation bonds | Pension Bond Series 2002 | | \$ 340,000 | \$ 351,339 |
| General obligation bonds | Pension Bond Series 2006 | | 5,105,000 | 660,514 |
| Notes and loans payable | Common School Loans | | 3,001,139 | 1,128,258 |
| Totals | | | <u>\$ 8,446,139</u> | <u>\$ 2,140,111</u> |

(This page intentionally left blank.)

PORTAGE TOWNSHIP SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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

| | <u>Ending Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities: | |
| Land | \$ 38,636,500 |
| Buildings | 121,209,473 |
| Improvements other than buildings | 8,139,153 |
| Machinery, equipment, and vehicles | 26,582,789 |
| Construction in progress | <u>3,626,714</u> |
| Total capital assets | <u>\$ 198,194,629</u> |

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Portage Township Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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)

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


A 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, and 2017-003, 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)

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 19, 2018

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.

PORTAGE TOWNSHIP SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

| 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 | Pass-Through To Subrecipient 06-30-16 | Total Federal Awards Expended 06-30-16 | Pass-Through To Subrecipient 06-30-17 | Total Federal Awards Expended 06-30-17 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u> | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | | | | | |
| | | | FY 15-16 | \$ - | \$ 555,704 | \$ - | \$ - |
| | | | FY 16-17 | - | - | - | 595,944 |
| Total - School Breakfast Program | | | | - | 555,704 | - | 595,944 |
| National School Lunch Program | Indiana Department of Education | 10.555 | | | | | |
| Food Service | | | FY 15-16 | - | 1,916,932 | - | - |
| After School Snack | | | FY 15-16 | - | 802 | - | - |
| Commodities | | | FY 15-16 | - | 253,566 | - | - |
| Food Service | | | FY 16-17 | - | - | - | 2,011,057 |
| After School Snack | | | FY 16-17 | - | - | - | 893 |
| Commodities | | | FY 16-17 | - | - | - | 303,954 |
| Total - National School Lunch Program | | | | - | 2,171,300 | - | 2,315,904 |
| Summer Food Service Program for Children | Indiana Department of Education | 10.559 | | | | | |
| | | | FY 15-16 | - | 88,631 | - | - |
| | | | FY 16-17 | - | - | - | 102,518 |
| Total - Summer Food Service Program for Children | | | | - | 88,631 | - | 102,518 |
| Total - Child Nutrition Cluster | | | | - | 2,815,635 | - | 3,014,366 |
| Total - Department of Agriculture | | | | - | 2,815,635 | - | 3,014,366 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster | | | | | | | |
| Special Education_Grants to States | Indiana Department of Education | 84.027 | | | | | |
| | | | 99914-050-TA01 | - | 7,425 | - | - |
| | | | 14214-050-PN01 | - | 19,063 | - | - |
| | | | 14215-050-PN01 | - | 445,876 | - | 18,078 |
| | | | 14216-050-PN01 | - | 1,313,671 | - | 372,769 |
| | | | 14217-050-PN01 | - | - | - | 1,376,811 |
| Total - Special Education_Grants to States | | | | - | 1,786,035 | - | 1,767,658 |

PORTAGE TOWNSHIP SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

| 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 | Pass-Through To Subrecipient 06-30-16 | Total Federal Awards Expended 06-30-16 | Pass-Through To Subrecipient 06-30-17 | Total Federal Awards Expended 06-30-17 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| Special Education_Preschool Grants | Indiana Department of Education | 84.173 | 45716-050-PN01 | - | 43,145 | - | - |
| | | | 45717-050-PN01 | - | - | - | 45,501 |
| Total - Special Education_Preschool Grants | | | | - | 43,145 | - | 45,501 |
| Total - Special Education Cluster | | | | - | 1,829,180 | - | 1,813,159 |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | FY 14-15 | - | 417,533 | - | - |
| | | | FY 15-16 | - | 862,680 | - | 416,731 |
| | | | FY 16-17 | - | - | - | 709,218 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 1,280,213 | - | 1,125,949 |
| English Language Acquisition State Grants | Indiana Department of Education | 84.365 | 2013-2015 | - | 732 | - | - |
| | | | 2014-2016 | - | 7,759 | - | 1,410 |
| | | | 2015-2017 | - | 13,531 | - | 17,227 |
| | | | 2016-2018 | - | - | - | 10,061 |
| Total - English Language Acquisition State Grants | | | | - | 22,022 | - | 28,698 |
| Supporting Effective Instruction State Grants | Indiana Department of Education | 84.367 | FFY 2013 | - | 86,630 | - | - |
| | | | FFY 2014 | - | 134,230 | - | 119,844 |
| | | | FFY 2015 | - | - | - | 124,649 |
| Total - Supporting Effective Instruction State Grants | | | | - | 220,860 | - | 244,493 |
| Total - Department of Education | | | | - | 3,352,275 | - | 3,212,299 |
| Total federal awards expended | | | | \$ - | \$ 6,167,910 | \$ - | \$ 6,226,665 |

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

PORTAGE TOWNSHIP SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. *Special Education Cooperative*

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

PORTAGE TOWNSHIP SCHOOLS
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? | no |
| 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 |
| Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | yes |

Identification of Major Programs and type of auditor's report issued on compliance for each:

| CFDA Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------|--|-------------------|
| | Child Nutrition Cluster | Unmodified |
| | Special Education Cluster (IDEA) | Unmodified |
| 84.010 | Title I Grants to Local Educational Agencies | Unmodified |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Cash Management
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Cash Management
 Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-002.

Condition

The School Corporation had not properly designed or implemented an effective internal control system related to the grant agreement and the Cash Management compliance requirement.

The Food Service Director worked with the Finance Department to compile a year-to-date performance of budget funds spreadsheet. The revenues, expenditures, cash balance, and fund balance were tracked on this spreadsheet, which was given to the School Board for approval. However, the School Corporation did not document that the unit properly tracked its School Lunch fund cash balance (net cash resources) to ensure that the balance did not exceed three months average expenditures.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The net cash resources in the School Lunch fund exceeded the three month average expenditures for all 24 months of the audit period. The average excess balances were \$994,104 and \$1,021,788 for the 2015-2016 and 2016-2017 fiscal years, respectively.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(b) states:

"*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 or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

(iv) 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 . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls to ensure compliance and comply with the Cash Management compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Level of Effort and Reporting

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 (or Other Identifying Numbers): 99914-050-TA01, 14214-050-PN01,
14215-050-PN01, 14216-050-PN01,
14217-050-PN01, 45716-050-PN01,
45717-050-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit regarding the Matching, Level of Effort, Earmarking compliance requirement. The prior audit finding number was 2015-003.

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Level of Effort requirements of the Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

Level of Effort

The School Corporation was a member of a local cooperative, which administered the special education grant. The cooperative calculated the level of effort for each of its member school corporations. Those calculations were sent to each member school corporation for review and approval. The School Corporation did not document its review and approval of the level of effort calculation.

Reporting

The School Corporation did not document proper internal controls over reporting. Two of the three Data Collection reports (Termination Report and Expulsion & Suspension Report) submitted by the School Corporation were submitted without evidence of a review.

Context

This was a systemic issue as it affected both level of effort calculations and two of the three data collection reports for both years of the audit.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not developed a system of internal controls that would have segregated key functions related to the Level of Effort requirements of the Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

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

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking, and Reporting compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-003

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions -
Annual Report Card, High School Graduation Rate and Special Tests
and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Annual Report Card, High School
Graduation Rate, Special Tests and Provisions - Assessment
System Security

Audit Finding: Material Weakness

Condition

The School Corporation had not established an effect internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The School Corporation had not established effective internal controls to ensure that a student withdrawn from the cohort was properly reviewed. The School Corporation used withdrawal forms for the students who were removed from a given cohort. The forms were signed by the respective guardian, but were not signed by an administrator of the School Corporation.

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

Special Tests and Provisions - Assessment System Security

The School Corporation failed to establish effective internal controls to ensure anyone handling the test materials had been properly trained to do so. The School Corporation provided two training seminars in each school year. If an employee was off work or on leave during those seminars, the School Corporation failed to document that the employee received the training upon returning to work.

Context

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not developed a system of internal controls that would have segregated key functions related to the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security compliance requirements.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

PORTAGE TOWNSHIP SCHOOLS

Food and Nutrition Services
6270 U.S. Highway 6
Portage, Indiana 46368
Phone: 219-763-8008
Fax: 219-764-6283

Lisa Hayes
Director of Food Services

Susan Guerrero
Assistant Director of Food Services



*Food and
Nutrition
Services*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 ALLOWBALE COSTS/COST PRINCIPLES

Fiscal year in which the finding initially occurred: 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Lisa Hayes/Wendy Kulczyk
Contact Phone Number: 219-762-6511

Status of Audit Finding:
Allowable Costs/Costs Principles

Effective during the 2015-2016 school year, Food Service employees' time sheets are matched with the organization Charge Summary Report that indicates which employees were paid from Food Service accounts. The payroll department will provide the Organization Charge Summary Report after every payroll run to either the Assistant Director or Director of Food Service. The Organization Charge Summary Report and time sheets will be reviewed. The Organizational Charge Summary Sheet will be checked, initialed, and maintained after every payroll by the either Food Service Director, Assistant Director, or designee to verify only authorized salaries are paid by grant funds.

The district has also discontinued allowing employees to work within multiple departments thereby reducing the risk of payment for unallowable payroll activity.

Lisa Hayes
(Signature)

Food Service Director
(Title)

2/8/18
(Date)

PORTAGE TOWNSHIP SCHOOLS



Food and Nutrition Services
6270 U.S. Highway 6
Portage, Indiana 46368
Phone: 219-763-8008
Fax: 219-764 6283

Lisa Hayes
Director of Food Services

Susan Guerrero
Assistant Director of Food Services

*Food and
Nutrition
Services*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002 CASH MANAGEMENT

Fiscal year in which the finding initially occurred: 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Lisa Hayes/Wendy Kulczyk
Contact Phone Number: 219-762-6511

Status of Audit Finding:

Cash Management: The three-month average expenditure cash balance calculation was established in March 2016 and became a part of the overall financial review and monthly bank reconciliation procedure. Calculations are made by the Business Office and are reviewed by the Food Service Department. This report is maintained by the Food Service department.

Portage Township School agrees that the Food Service Department exceeds the 3-month operating expense requirement. This is largely due to the following reasons:

1. Restructuring (wage corrections) and wage increases that were planned for non-union support staff in SY 2015-16 and SY 2016-17 were not accomplished.
2. Remodel to Portage High School East has become a bigger and thus a more expensive project. The original project plan originally was to update the serving lines; however, after more thought, this would not solve the student flow or redundancy issue. It would also not solve the space issue that would eventually have to be readdressed. The revised project involves the redesign of the entire kitchen and layout. The redesign of the high school kitchen and serving lines is projected to cost close to 1 million dollars. The excess operating funds will be needed to be saved so that Food Service can pay for the entire remodel and not use General Funds. A consultant service will have to be hired for the scope of this project and initial planning will commence Summer 2018 for a Summer 2019 completion.

Lisa Hayes

(Signature)

Food Service Director

(Title)

2/10/18

Mrs. Amanda Alaniz, Ed.D
Superintendent of Schools
Dr. Debra Dudek
Assistant Superintendent
Dr. Michael Stephens
Assistant Superintendent
Linda Williams
Director of Title and Special
Student Programs
Wendy Kulczyk
Director of Finance

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6
Phone (219) 762-6511

Portage, Indiana 46368-5057
FAX (219) 763-8009

Board Of School
Trustees

Jessica Bailey
Andy Maletta
Rhonda A. Nelson
Cheryl Oprisko
Wilma Vazquez

Our Mission is educating, empowering and
inspiring excellence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003 Special Education Cluster

Fiscal year in which the finding initially occurred: July 1, 2014 through June 30, 2015:

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Ms. Quinn Van Rys, Chief Financial Officer
Porter County Education Services (PCES)
Ms. Wendy Kulczyk, Director of Finance
Portage Township Schools

Contact Phone Number:


Quinn Van Rys (219) 464-9607
Wendy Kulczyk (219) 764-6008

Status of Audit Finding:

Activities Allowed, Allowable Costs: Procedures were implemented in which both the PGES hourly employees time sheets are matched with the payroll accounting reports and certified staff payrolls are reviewed to insure that employees were paid correctly from the correct grant. Evidence of this process began with the FY 2015-2016 payroll of 09/18/2015.

Level of Effort-Maintenance of Effort (MOE): Procedure were implemented by which PCES accounting personnel calculate MOE and provide the calculation and summary data to each member school corporation for review. Evidence of the member district's review is done by return e-mail acknowledgement to PCES. The e-mail serves as documentation. This process began in September 2017 for the 2018 IDEA, Part B-Part 2 MOE assurance.

Period of Availability: Procedures was implemented by PCES accounting personnel to review the Summary of receipts and expenditures for each grant fund. This procedure and evidence of review began September 2015 (FY 2015-2016).



Director of Finance
(Title)

02/26/2018
(Date)

PORTAGE TOWNSHIP SCHOOLS

Food and Nutrition Services
6270 U.S. Highway 6
Portage, Indiana 46368
Phone: 219-763-8008
Fax: 219-764-6283

Lisa Hayes
Director of Food Services

Susan Guerrero
Assistant Director of Food Services



*Food and
Nutrition Services*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004 INTERNAL CONTROLS

Fiscal year in which the finding initially occurred: 2014-2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lisa Hayes/Wendy Kulczyk

Contact Phone Number: 219-762-6511

Status of Audit Finding:

Beginning with the 2015-2016 school year, the following procedures have been put in place to correct these internal control deficiencies:

Activities Allowed or Unallowed

Effective during the 2015-2016 school year, Food Service employees' time sheets are matched with the organization Charge Summary Report that indicates which employees were paid from Food Service accounts. The payroll department will provide the Organization Charge Summary Report after every payroll run to either the Assistant Director or Director of Food Service. The Organization Charge Summary Report and time sheets will be reviewed. The Organizational Charge Summary Sheet will be checked, initialed, and maintained after every payroll by the either Food Service Director, Assistant Director, or designee to verify only authorized salaries are paid by grant funds.

The district has also discontinued allowing employees to work within multiple departments thereby reducing the risk of payment for unallowable payroll activity.

Reporting

Once the Director inputs the information into the website for the Verification Summary, the report will be printed out and re-checked by the Assistant Director. Both the Director and Assistant Director will initial/sign the print out and will keep this document as a part of the verifications documents that are done for each school year. This will ensure that the final reporting of the information to the DOE is accurate.

Special Tests and Provisions – Paid Lunch Equity

Effective during the 2015-2016 school year, the Food Service Director completes the paid lunch equity tool in accordance with the requirements of the NSLP. The Food Service Director will continue to enter the information in the calculator tool supplied by the Indiana Department of Education. Once that information is entered, the Assistant Food Service Director or Food Service Finance Specialist will review the information input using back-up data and reporting Instruments and prior years information to verify that the information is true and accurate. Once information is reviewed and changed as needed, both reviewers will initial/sign a hardcopy of the calculator tool, attach the backup documentation used to complete the calculator and will keep this in a file for future use and auditing purposes. Once the Director inputs the information into the website, the report will be printed out and re-checked by the Assistant Director or other office personnel. Both the Director and Assistant Director or other office personnel will initial/sign the print out and will keep this document as a part of the verifications that are done for each school year. This will ensure that the final reporting of the information to the DOE is accurate.

Lisa Hayes
(Signature)

Director of Food Sics
(Title)

2/12/18
(Date)

Mrs. Amanda Alaniz, Ed.D
Superintendent of Schools
Dr. Michael Stephens
Assistant Superintendent
Linda Williams
Director of Title and Special
Student Programs
Wendy Kulczyk
Director of Finance

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6
Phone (219) 762-6511

Portage, Indiana 46368-5057
FAX (219) 763-8009

Board Of School
Trustees

Jessica Bailey
Andy Maletta
Rhonda A. Nelson
Cheryl Oprisko
Wilma Vazquez

Our Mission is educating, empowering and
inspiring excellence

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Lisa Hayes
Contact Phone Number: (219) 763-8008

The Portage Township Food Service Department concurs with the finding that the cash balance exceeds the three-month operating expense threshold.

Description of Corrective Action Plan:

The corrective action plan for this finding will involve the total remodel to the kitchen and cafeteria at Portage High School East. This project has become a bigger and thus a more expensive project. The original project plan originally was to update the serving lines; however, after more thought, this would not solve the student flow or redundancy issue. It would also not solve the space issue that would eventually have to be readdressed.

The revised project involves the redesign of the entire kitchen and layout. The redesign of the high school kitchen, serving lines and cafeteria is projected to cost close to one million dollars. The excess operating funds will be needed to be saved so that Food Service can pay for the entire remodel and not use General Funds. A consultant service will have to be hired for the scope of this project and initial planning will commence Summer 2018 for a Summer 2019 completion.

Anticipated Completion Date: Summer 2019

Lisa Hayes Signature
Director Title
3/9/18 Date

Mrs. Amanda Alaniz, Ed.D
Superintendent of Schools
Dr. Michael Stephens
Assistant Superintendent
Linda Williams
Director of Title and Special
Student Programs
Wendy Kulczyk
Director of Finance

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6
Phone (219) 762-6511

Portage, Indiana 46368-5057
FAX (219) 763-8009

Board Of School
Trustees

Jessica Bailey
Andy Maletta
Rhonda A. Nelson
Cheryl Oprisko
Wilma Vazquez

Our Mission is educating, empowering and
inspiring excellence

FINDING 2017-002

Contact Person Responsible for Corrective Action: Wendy Kulczyk 219-764-6008

Views of Responsible Official: We concur with the finding regarding lack of internal controls regarding level of effort and reporting requirements concerning two Data Collection reports (Termination Report, Expulsion & Suspension Report) that were submitted without evidence of a review.

Description of Corrective Action Plan concerning Level of Effort: A procedure was established by which the Porter County Education Service Center (PCES) accounting personnel calculate MOE and provide the calculation and summary data to each member school corporation for review. Evidence of the member district's review is done by return e-mail acknowledgement to PCES.

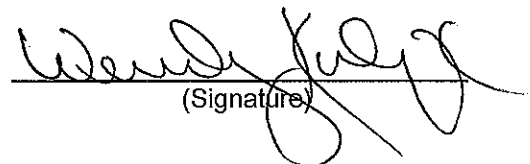
Description of Corrective Action Plan concerning Reporting:

The school corporation has reviewed Board Policy 5610.02, In School Discipline, and 5610, Suspension and Expulsion. As a result of the review, we determined that the accompanying forms will be re-introduced to building administrators. Once forms are completed, they will be signed by the building administrator. The original form will then be stored in the student's cumulative file, and a copy will be sent to Central Office.

Upon review, it was learned that the Termination Report can be found on each individual student's IEP when services have been terminated due to circumstances such as parent refusal, or when it has been determined that the student no longer requires services. This IEP is signed by multiple people, to include the building administrator. That information is then summarized by the Special Education Interlocal Cooperative, and sent to Portage Township Schools for entry into the State Reporting Site, STN. A screenshot of the online report will be printed, and then signed by both a Portage Township Schools representative and a Special Education Interlocal Cooperative office. Once reported, any entry that is flagged will then be returned to the Coop for justification and correction.

Anticipated Completion Date:

This new procedure will be in effect starting April 9, 2018.


(Signature)

Mrs. Amanda Alaniz, Ed.D
Superintendent of Schools
Dr. Michael Stephens
Assistant Superintendent
Linda Williams
Director of Title and Special
Student Programs
Wendy Kulczyk
Director of Finance

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6
Phone (219) 762-6511

Portage, Indiana 46368-5057
FAX (219) 763-8009

Board Of School
Trustees

Jessica Bailey
Andy Maletta
Rhonda A. Nelson
Cheryl Oprisko
Wilma Vazquez

Our Mission is educating, empowering and
inspiring excellence

CORRECTIVE ACTION PLAN

FINDING 2017-003-Assessment Security System

Contact Person Responsible for Corrective Action: Linda Williams, Director of Title and Special Student Programs 219.764.6209

Views of Responsible Official: We concur with the finding regarding material weakness for Assessment System Security.

Description of Corrective Action Plan:

In order to establish internal controls and ensure that anyone handling test materials have been properly trained to do so, our school corporation will go beyond documenting the two training seminars per year and document further training that employees who are not present at the training seminars receive upon returning to work.

A new Google Sheets document has been prepared entitled "Test Security Checklist". It is located in our PTS Team Drive for Assessment and is accessible to school corporation administrators and building principals. This one document holds a tab for the administration building and for each school building, including SELF School, our special education cooperative building. Each tab lists instructional staff both certified and non-certified who work at the building. In their tab, it is the principal's duty to document three things. 1) Signatures on the Test Security and Integrity Agreement, 2) completion of Test Security Training for both scheduled training events which have sign-in sheets as well as later trainings for those absent, and 3) administering/proctoring each assessment including ISTEP+, ISTAR, IREAD3, WIDA ACCESS, ACCUPLACER, and ECA.

On-going throughout the year, each principal is held responsible to complete the checklist and ultimately signs the document certifying that their checklist is true and accurate. This task is to be completed by one week before the end of the school year, however, throughout the entire school year, the "Test Security Checklist" is monitored by Director Linda Williams to ensure compliance before a test window begins for any given assessment.

With the creation and use of this new Google Sheets document entitled "Test Security Checklist" we believe that our entire test security communication, documentation, and internal controls for all aspects of testing will be greatly improved and satisfy compliance for Assessment System Security.

Anticipated Completion Date:

The Test Security Checklist in Google Sheets is complete and being used for the 2017-2018 school year. This document establishes internal controls and ensures that anyone handling test materials has been properly trained whether they attended the scheduled training events or were trained later upon return to work and is certified by the appropriate administrator and Director Linda Williams.



(Signature)

TOGETHER WE EXCEL!

Mrs. Amanda Alaniz, Ed.D
Superintendent of Schools
Dr. Michael Stephens
Assistant Superintendent
Linda Williams
Director of Title and Special
Student Programs
Wendy Kulczyk
Director of Finance

PORTAGE TOWNSHIP SCHOOLS

6240 U.S. Highway 6
Phone (219) 762-6511

Portage, Indiana 46368-5057
FAX (219) 763-8009

Board Of School
Trustees

Jessica Bailey
Andy Maletta
Rhonda A. Nelson
Cheryl Oprisko
Wilma Vazquez

Our Mission is educating, empowering and
inspiring excellence

FINDING 2017-003-Annual Report Card

Contact Person Responsible for Corrective Action: Linda Williams, Director of Title and Special Student Programs 219.764.6209

Views of Responsible Official: We concur with the finding regarding material weakness for the Annual Report Card, which found that school corporation administrators did not consistently sign off on the withdrawal form.

Description of Corrective Action Plan:

The school corporation has reviewed Board Policy 5130, Withdrawal From School Exit Interview. The associated form was also reviewed by the Central Office Team, and will be presented to all building administrators at the next leadership team meeting. The new procedure is as follows: when a student withdraws, the student and parent/guardian will sign. The building principal will then sign the form. The original will be kept in the student's cumulative file, and a copy of the form will be sent to Central Office.

Anticipated Completion Date:

This new procedure will be in effect starting April 9, 2018.



(Signature)

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/>.