

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

EXAMINATION REPORT  
OF  
TRI-COUNTY SCHOOL CORPORATION  
WHITE COUNTY, INDIANA  
July 1, 2004 to June 30, 2006



**FILED**  
12/22/2006



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information:	
Government-Wide Financial Statements:	
Statement of Cash and Investments .....	4-5
Statement of Cash Activities .....	6-7
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances	
– Governmental Funds .....	8-9
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments	
– Fiduciary Funds .....	10-11
Statement of Cash and Investments – Fiduciary Funds .....	12-13
Notes to Financial Information.....	14-16
Required Supplementary Information:	
Schedule of Funding Progress .....	17
Supplementary Information:	
Schedule of Capital Assets .....	18
Schedule of Long-Term Debt.....	19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha Bell	07-01-04 to 06-30-07
Superintendent of Schools	Dr. Gilbert Crimmins	07-01-04 to 06-30-07
President of the School Board	Donald Pampel Amy Manning	07-01-04 to 06-30-05 07-01-05 to 06-30-07



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TRI-COUNTY SCHOOL CORPORATION, WHITE COUNTY, INDIANA

We have examined the financial information presented herein of Tri-County School Corporation (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 27, 2006

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,943,149
Restricted assets:	
Cash and investments	<u>490,368</u>
Total assets	<u>\$ 2,433,517</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 490,368
Unrestricted	<u>1,943,149</u>
Total net assets	<u>\$ 2,433,517</u>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 3,502,637
Restricted assets:	
Cash and investments	<u>435,761</u>
Total assets	<u>\$ 3,938,398</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 435,761
Unrestricted	<u>3,502,637</u>
Total net assets	<u>\$ 3,938,398</u>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,122,982	\$ -	\$ 57,885	\$ (3,065,097)
Support services	4,325,398	226,751	108,057	(3,990,590)
Community services	26,554	-	-	(26,554)
Nonprogrammed charges	69,823	-	-	(69,823)
Debt service	2,981,204	-	-	(2,981,204)
<b>Total governmental activities</b>	<b><u>\$ 10,525,961</u></b>	<b><u>\$ 226,751</u></b>	<b><u>\$ 165,942</u></b>	<b><u>(10,133,268)</u></b>
General receipts:				
Property taxes				8,724,748
Other local sources				1,395,242
State aid				1,798,007
Grants and contributions not restricted				150,053
Sale of property, adjustments, and refunds				70,892
Investment earnings				<u>35,280</u>
<b>Total general receipts</b>				<b><u>12,174,222</u></b>
<b>Change in cash and investments</b>				<b>2,040,954</b>
<b>Net assets - beginning</b>				<b><u>392,563</u></b>
<b>Net assets - ending</b>				<b><u>\$ 2,433,517</u></b>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,080,162	\$ -	\$ 101,180	\$ (2,978,982)
Support services	4,935,801	229,440	117,091	(4,589,270)
Community services	14,332	-	-	(14,332)
Nonprogrammed charges	87,929	-	-	(87,929)
Debt service	2,663,476	-	-	(2,663,476)
Total governmental activities	\$ 10,781,700	\$ 229,440	\$ 218,271	(10,333,989)
General receipts:				
Property taxes				6,272,552
Other local sources				1,057,343
State aid				1,544,940
Grants and contributions not restricted				133,483
Bonds and loans				2,700,000
Sale of property, adjustments, and refunds				41,142
Investment earnings				89,410
Total general receipts				11,838,870
Change in cash and investments				1,504,881
Net assets - beginning				2,433,517
Net assets - ending				\$ 3,938,398

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 6,036,929	\$ 724,051	\$ -	\$ 1,771,568	\$ 1,064,587	\$ 99,497	\$ 677,502	\$ 10,374,134
Intermediate sources	613	-	-	-	-	-	7,269	7,882
State sources	1,844,320	-	-	-	-	-	52,413	1,896,733
Federal sources	703	-	-	-	-	-	216,566	217,269
Sale of property, adjustments and refunds	22,577	120	-	-	1,384	3,200	43,610	70,891
Intergovernmental transfers	<u>125,651</u>	<u>12,623</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,291</u>	<u>485,565</u>
Total receipts	<u>8,030,793</u>	<u>736,794</u>	<u>200,000</u>	<u>1,771,568</u>	<u>1,065,971</u>	<u>102,697</u>	<u>1,144,651</u>	<u>13,052,474</u>
Disbursements:								
Current:								
Instruction	3,048,486	-	-	-	-	-	74,496	3,122,982
Support services	2,916,022	437,819	-	-	584,512	19,859	367,186	4,325,398
Community services	12,086	-	-	-	-	-	14,468	26,554
Nonprogrammed charges	145,892	49,997	-	102,245	89,852	8,813	158,583	555,382
Debt services	<u>1,530,000</u>	<u>-</u>	<u>-</u>	<u>1,172,146</u>	<u>-</u>	<u>-</u>	<u>279,058</u>	<u>2,981,204</u>
Total disbursements	<u>7,652,486</u>	<u>487,816</u>	<u>-</u>	<u>1,274,391</u>	<u>674,364</u>	<u>28,672</u>	<u>893,791</u>	<u>11,011,520</u>
Excess of total receipts over total disbursements	378,307	248,978	200,000	497,177	391,607	74,025	250,860	2,040,954
Cash and investments - beginning	<u>281,165</u>	<u>(69,797)</u>	<u>75,000</u>	<u>(8,453)</u>	<u>197,563</u>	<u>(29,765)</u>	<u>(53,150)</u>	<u>392,563</u>
Cash and investments - ending	<u>\$ 659,472</u>	<u>\$ 179,181</u>	<u>\$ 275,000</u>	<u>\$ 488,724</u>	<u>\$ 589,170</u>	<u>\$ 44,260</u>	<u>\$ 197,710</u>	<u>\$ 2,433,517</u>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 4,367,116	\$ 518,970	\$ -	\$ 1,210,559	\$ 947,866	\$ 72,223	\$ 526,211	\$ 7,642,945
Intermediate sources	959	-	-	-	-	-	4,838	5,797
State sources	1,634,526	-	-	-	-	-	43,739	1,678,265
Federal sources	14	-	-	-	-	-	218,415	218,429
Bonds and loans	2,200,000	-	-	-	500,000	-	-	2,700,000
Sale of property, adjustments and refunds	24,262	549	-	-	16,334	-	-	41,145
Intergovernmental transfers	39,797	-	200,000	-	-	-	104,577	344,374
<b>Total receipts</b>	<b>8,266,674</b>	<b>519,519</b>	<b>200,000</b>	<b>1,210,559</b>	<b>1,464,200</b>	<b>72,223</b>	<b>897,780</b>	<b>12,630,955</b>
Disbursements:								
Current:								
Instruction	3,004,494	-	-	-	-	-	75,668	3,080,162
Support services	3,033,343	461,128	-	-	1,037,965	-	403,365	4,935,801
Community services	11,332	-	-	-	-	-	3,000	14,332
Nonprogrammed charges	125,413	66,737	-	82,062	50,012	41,002	67,077	432,303
Debt services	1,200,000	-	-	1,178,229	-	-	285,247	2,663,476
<b>Total disbursements</b>	<b>7,374,582</b>	<b>527,865</b>	<b>-</b>	<b>1,260,291</b>	<b>1,087,977</b>	<b>41,002</b>	<b>834,357</b>	<b>11,126,074</b>
Excess (deficiency) of total receipts over (under) total disbursements	892,092	(8,346)	200,000	(49,732)	376,223	31,221	63,423	1,504,881
Cash and investments - beginning	659,472	179,181	275,000	488,724	589,170	44,260	197,710	2,433,517
Cash and investments - ending	<u>\$ 1,551,564</u>	<u>\$ 170,835</u>	<u>\$ 475,000</u>	<u>\$ 438,992</u>	<u>\$ 965,393</u>	<u>\$ 75,481</u>	<u>\$ 261,133</u>	<u>\$ 3,938,398</u>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ 54,140	\$ 566
Deductions:		
Instruction	-	841
Support services	126,438	-
Nonprogrammed charges	-	1,500
Total deductions	<u>126,438</u>	<u>2,341</u>
Deficiency of total additions under total deductions	(72,298)	(1,775)
Cash and investments - beginning	<u>2,359,435</u>	<u>25,661</u>
Cash and investments - ending	<u>\$ 2,287,137</u>	<u>\$ 23,886</u>

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ 94,026	\$ 1,032
Intermediate sources	-	554,156
Total additions	94,026	555,188
Deductions:		
Support services	118,194	554,156
Nonprogrammed charges	-	500
Total deductions	118,194	554,656
Excess (deficiency) of total additions over (under) total deductions	(24,168)	532
Cash and investments - beginning	2,287,137	23,886
Cash and investments - ending	\$ 2,262,969	\$ 24,418

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
 STATEMENT OF CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency</u>
Cash and investments	\$ 2,287,137	\$ 23,886	\$ 10,484
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 2,287,137	\$ 23,886	

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency</u>
Cash and investments	\$ 2,262,969	\$ 24,418	\$ 8,599
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	<u>\$ 2,262,969</u>	<u>\$ 24,418</u>	

The accompanying notes are an integral part of the financial statements.

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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

Note 2. Fund Accounting

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), 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 TRF 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% 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.

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

TRF 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:

Teacher's Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

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.

TRI-COUNTY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 951,109	\$ 1,076,554	\$ (125,445)	88%	\$ 840,039	(15%)
07-01-04	981,924	1,026,662	(44,738)	96%	846,274	(5%)
07-01-05	1,036,363	1,179,483	(143,120)	88%	890,503	(16%)

TRI-COUNTY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

June 30,2006

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and Buildings	\$ 33,708,101
Infrastructure	-
Buildings	-
Improvements other than buildings	-
Machinery and equipment	724,001
Construction in progress	<u>-</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 34,432,102</u>

TRI-COUNTY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

The School Corporation has entered into the following debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Wolcott Copier	\$ 19,915	\$ 6,949
Remington Copier	21,820	7,614
Middle/High School Copier	12,303	5,400
High School Copier	13,711	4,512
Building Lease	8,205,000	1,162,000
Bonds payable:		
General obligation bonds:		
Pension Debt Bonds	<u>2,045,000</u>	<u>265,000</u>
Total governmental activities debt	<u>\$ 10,317,749</u>	<u>\$ 1,451,475</u>

TRI-COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2006, with Marsha Bell, Treasurer. Our examination disclosed no material items that warrant comment at this time.