

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

EXAMINATION REPORT  
OF  
TIPTON COMMUNITY SCHOOL CORPORATION  
TIPTON COUNTY, INDIANA  
July 1, 2005 to June 30, 2006



**FILED**  
01/10/2007



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
Statement of Cash Activities .....	5
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances	
– Governmental Funds .....	6
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments	
– Fiduciary Funds .....	7
Statement of Cash and Investments – Fiduciary Funds .....	8
Notes to Financial Information.....	9-11
Supplementary Information:	
Schedule of Capital Assets .....	12
Schedule of Long-Term Debt.....	13
Exit Conference .....	14

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Renee L. Anderson	07-01-05 to 06-30-07
Superintendent of Schools	Robert W. Schultz	07-01-05 to 06-30-07
President of the School Board	Karen L. McKinney	07-01-05 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TIPTON COMMUNITY SCHOOL  
CORPORATION, TIPTON COUNTY, INDIANA

We have examined the financial information presented herein of the Tipton Community School Corporation (School Corporation), for the period of July 1, 2005 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 year ended June 30, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 27, 2006

TIPTON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 5,209,723
Restricted assets:	
Cash and investments	<u>683,308</u>
Total assets	<u>\$ 5,893,031</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 683,308
Unrestricted	<u>5,209,723</u>
Total net assets	<u>\$ 5,893,031</u>

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

TIPTON COMMUNITY 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	\$ 5,993,800	\$ -	\$ 79,833	\$ (5,913,967)
Support services	7,842,036	659,239	237,677	(6,945,120)
Community services	193,682	-	-	(193,682)
Nonprogrammed charges	128,666	-	-	(128,666)
Debt service	3,314,114	-	-	(3,314,114)
Total governmental activities	\$ 17,472,298	\$ 659,239	\$ 317,510	(16,495,549)
General receipts:				
Property taxes				7,156,784
Other local sources				1,434,909
State aid				6,431,046
Grants and contributions not restricted				327,126
Bonds and loans				1,538,465
Sale of property, adjustments, and refunds				59,620
Investment earnings				185,523
Total general receipts				17,133,473
Change in cash and investments				637,924
Net assets - beginning				5,255,107
Net assets - ending				\$ 5,893,031

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 4,260,768	\$ 945,179	\$ 1,492,743	\$ 1,750,592	\$ 180,200	\$ 805,412	\$ 9,434,894
Intermediate sources	644	-	-	-	-	919	1,563
State sources	6,470,049	-	-	-	-	137,971	6,608,020
Federal sources	-	-	-	-	-	467,660	467,660
Bonds and loans	1,246,694	291,771	-	-	-	-	1,538,465
Sale of property, adjustments and refunds	36,712	111	-	15,467	-	7,330	59,620
Intergovernmental transfers	-	29,832	-	-	-	100,373	130,205
<b>Total receipts</b>	<b><u>12,014,867</u></b>	<b><u>1,266,893</u></b>	<b><u>1,492,743</u></b>	<b><u>1,766,059</u></b>	<b><u>180,200</u></b>	<b><u>1,519,665</u></b>	<b><u>18,240,427</u></b>
Disbursements:							
Current:							
Instruction	5,730,757	-	-	-	-	263,043	5,993,800
Support services	4,228,476	869,220	-	1,593,846	185,775	964,719	7,842,036
Community services	193,682	-	-	-	-	-	193,682
Nonprogrammed charges	128,666	-	29,832	100,000	-	373	258,871
Debt services	1,612,138	134,522	1,446,547	-	-	120,907	3,314,114
<b>Total disbursements</b>	<b><u>11,893,719</u></b>	<b><u>1,003,742</u></b>	<b><u>1,476,379</u></b>	<b><u>1,693,846</u></b>	<b><u>185,775</u></b>	<b><u>1,349,042</u></b>	<b><u>17,602,503</u></b>
Excess (deficiency) of total receipts over (under) total disbursements	121,148	263,151	16,364	72,213	(5,575)	170,623	637,924
Cash and investments - beginning	1,674,971	302,444	660,837	1,939,234	73,230	604,391	5,255,107
Cash and investments - ending	<b><u>\$ 1,796,119</u></b>	<b><u>\$ 565,595</u></b>	<b><u>\$ 677,201</u></b>	<b><u>\$ 2,011,447</u></b>	<b><u>\$ 67,655</u></b>	<b><u>\$ 775,014</u></b>	<b><u>\$ 5,893,031</u></b>

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

TIPTON COMMUNITY 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	\$ 19,730	\$ 1,118
Deductions:		
Instruction	-	15,661
Support services	-	2,618
Debt services	44,093	-
Total deductions	44,093	18,279
Deficiency of total additions under total deductions	(24,363)	(17,161)
Cash and investments - beginning	445,884	17,161
Cash and investments - ending	\$ 421,521	\$ -

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

TIPTON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>
Cash and investments	\$ <u>421,521</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>421,521</u>

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

TIPTON COMMUNITY 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.

TIPTON COMMUNITY 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.

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:

TIPTON COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL INFORMATION  
 (Continued)

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.

Note 7. Short-Term Liabilities

Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate funds.

Short-Term debt activity for the year ended June 30, 2006 is as follows:

Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
\$ 1,570,991	\$ 1,538,465	\$ 1,746,660	\$ 1,362,796

Note 8. Subsequent Events

In anticipation of numerous building and improvement projects, the Tipton Community School Corporation has obtained a 10 year loan for \$1,890,000. Also, the Tipton Community School Building Corporation (Holding Corporation) is scheduled to issue First Mortgage Bonds, Series 2006, on December 14, 2006, for \$1,900,000. The School Corporation will make lease payments to the Building Corporation through January 2012. The planned improvements include High School and Middle School HVAC projects, a High School Roofing Project and several other smaller projects.

TIPTON COMMUNITY 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	\$ 348,882
Buildings	21,856,404
Improvements other than buildings	761,574
Machinery and equipment	<u>1,755,436</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 24,722,296</u>

TIPTON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
High School Auditorium Pavilion Wing	\$ 660,000	\$ 345,000
Elementary School	9,350,000	475,000
Notes and loans payable	156,250	75,000
Bonds payable:		
General obligation bonds:		
School Buildings and Improvements	800,000	90,000
Total governmental activities long-term debt	<u>\$ 10,966,250</u>	<u>\$ 985,000</u>

TIPTON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on November 27, 2006 with David Bergdoll, Assistant Superintendent; and Renee L. Anderson, Treasurer. Our examination disclosed no material items that warrant comment at this time.