

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

AUDIT REPORT
OF
TRITON SCHOOL CORPORATION
MARSHALL COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED

03/06/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet Barker	07-01-06 to 06-30-09
Superintendent of Schools	Ted Chittum Carl Hilling	07-01-06 to 06-30-08 07-01-08 to 06-30-09
President of the School Board	Steven Blackford Kris Glingle Richard Trowbridge	01-01-06 to 12-31-06 01-01-07 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TRITON SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Triton School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the pre-scribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 12, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TRITON SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Triton School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 12, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are 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.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 12, 2009

TRITON SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,559,396	\$ -	\$ 40,916	\$ (4,518,480)
Support services	3,189,028	396,141	15,659	(2,777,228)
Community services	130,735	-	-	(130,735)
Nonprogrammed charges	487,249	-	-	(487,249)
Debt service	2,361,651	-	-	(2,361,651)
Total Government	\$ 10,728,059	\$ 396,141	\$ 56,575	(10,275,343)
General receipts:				
Property taxes				2,180,373
Other local sources				675,304
State aid				4,304,874
Bonds and loans				2,708,489
Grants and contributions not restricted to specific programs				394,169
Sale of property, adjustments, and refunds				11,640
Investment earnings				71,940
Total general receipts				10,346,789
Change in net assets				71,446
Net assets - beginning				2,686,405
Net assets - ending				\$ 2,757,851
 <u>Assets</u>				
Cash and investments				\$ 2,450,138
Restricted assets:				
Cash and investments				307,713
Total assets				\$ 2,757,851
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 307,713
Unrestricted				2,450,138
Total net assets				\$ 2,757,851

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

TRITON SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,463,501	\$ -	\$ 85,078	\$ (4,378,423)
Support services	3,748,094	458,449	33,537	(3,256,108)
Community services	162,373	-	-	(162,373)
Nonprogrammed charges	558,789	-	-	(558,789)
Debt service	<u>3,315,912</u>	<u>-</u>	<u>-</u>	<u>(3,315,912)</u>
 Total Government	 <u>\$ 12,248,669</u>	 <u>\$ 458,449</u>	 <u>\$ 118,615</u>	 <u>(11,671,605)</u>
 General receipts:				
Property taxes				3,196,193
Other local sources				558,327
State aid				4,187,224
Bonds and loans				1,568,417
Grants and contributions not restricted to specific programs				433,559
Sale of property, adjustments, and refunds				5,321
Investment earnings				<u>63,365</u>
 Total general receipts				 <u>10,012,406</u>
 Change in net assets				 (1,659,199)
 Net assets - beginning				 <u>2,757,851</u>
 Net assets - ending				 <u>\$ 1,098,652</u>
 <u>Assets</u>				
Cash and investments				\$ 1,057,294
Restricted assets:				
Cash and investments				<u>41,358</u>
 Total assets				 <u>\$ 1,098,652</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 41,358
Unrestricted				<u>1,057,294</u>
 Total net assets				 <u>\$ 1,098,652</u>

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

TRITON SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,467,767	\$ 292,249	\$ 351,529	\$ 438,835	\$ 495,329	\$ 15,620	\$ 262,152	\$ 3,323,481
Intermediate sources	277	-	-	-	-	-	-	277
State sources	4,333,180	608	-	-	-	-	58,725	4,392,513
Federal sources	4,098	-	-	-	-	-	359,007	363,105
Bonds and loans	1,631,428	279,393	-	127,109	519,418	14,184	136,957	2,708,489
Sale of property, adjustments and refunds	3,628	-	8,012	-	-	-	-	11,640
Total receipts	7,440,378	572,250	359,541	565,944	1,014,747	29,804	816,841	10,799,505
Disbursements:								
Current:								
Instruction	4,071,331	-	-	-	-	-	488,065	4,559,396
Support services	1,304,508	425,333	354,899	-	878,157	-	226,131	3,189,028
Community services	130,735	-	-	-	-	-	-	130,735
Nonprogrammed charges	487,249	-	-	-	-	-	-	487,249
Debt services	755,818	153,164	-	902,947	301,593	-	248,129	2,361,651
Total disbursements	6,749,641	578,497	354,899	902,947	1,179,750	-	962,325	10,728,059
Excess (deficiency) of receipts over disbursements	690,737	(6,247)	4,642	(337,003)	(165,003)	29,804	(145,484)	71,446
Other financing sources (uses):								
Transfers in	-	24,642	-	-	-	10,000	57,951	92,593
Transfers out	-	(50,000)	-	(24,642)	-	-	(17,951)	(92,593)
Total other financing sources (uses)	-	(25,358)	-	(24,642)	-	10,000	40,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	690,737	(31,605)	4,642	(361,645)	(165,003)	39,804	(105,484)	71,446
Cash and investments - beginning	678,994	277,503	252,671	540,706	540,725	(15,706)	411,512	2,686,405
Cash and investments - ending	\$ 1,369,731	\$ 245,898	\$ 257,313	\$ 179,061	\$ 375,722	\$ 24,098	\$ 306,028	\$ 2,757,851
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,369,731	\$ 245,898	\$ 257,313	\$ -	\$ 375,722	\$ 24,098	\$ 177,376	\$ 2,450,138
Restricted assets:								
Cash and investments	-	-	-	179,061	-	-	128,652	307,713
Total cash and investment assets - ending	\$ 1,369,731	\$ 245,898	\$ 257,313	\$ 179,061	\$ 375,722	\$ 24,098	\$ 306,028	\$ 2,757,851
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 179,061	\$ -	\$ -	\$ 128,652	\$ 307,713
Unrestricted	1,369,731	245,898	257,313	-	375,722	24,098	177,376	2,450,138
Total cash and investment fund balance - ending	\$ 1,369,731	\$ 245,898	\$ 257,313	\$ 179,061	\$ 375,722	\$ 24,098	\$ 306,028	\$ 2,757,851

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

TRITON SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,999,713	\$ 409,900	\$ 408,735	\$ 456,600	\$ 687,565	\$ 65,687	\$ 247,857	\$ 4,276,057
Intermediate sources	277	-	-	-	-	-	-	277
State sources	4,235,905	127	-	-	-	-	160,980	4,397,012
Federal sources	4,098	-	-	-	-	-	338,288	342,386
Bonds and loans	961,453	73,114	-	87,655	347,069	49,188	49,938	1,568,417
Sale of property, adjustments and refunds	-	3,416	1,905	-	-	-	-	5,321
Total receipts	7,201,446	486,557	410,640	544,255	1,034,634	114,875	797,063	10,589,470
Disbursements:								
Current:								
Instruction	4,127,207	-	-	-	-	-	336,294	4,463,501
Support services	1,672,193	495,538	381,515	-	804,759	207,181	186,908	3,748,094
Community services	162,373	-	-	-	-	-	-	162,373
Nonprogrammed charges	558,789	-	-	-	-	-	-	558,789
Debt services	1,527,527	279,393	-	693,793	477,534	14,184	323,481	3,315,912
Total disbursements	8,048,089	774,931	381,515	693,793	1,282,293	221,365	846,683	12,248,669
Excess (deficiency) of receipts over disbursements	(846,643)	(288,374)	29,125	(149,538)	(247,659)	(106,490)	(49,620)	(1,659,199)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	9,461	9,461
Transfers out	-	-	-	-	-	-	(9,461)	(9,461)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(846,643)	(288,374)	29,125	(149,538)	(247,659)	(106,490)	(49,620)	(1,659,199)
Cash and investments - beginning	1,369,731	245,898	257,313	179,061	375,722	24,098	306,028	2,757,851
Cash and investments - ending	\$ 523,088	\$ (42,476)	\$ 286,438	\$ 29,523	\$ 128,063	\$ (82,392)	\$ 256,408	\$ 1,098,652
Cash and Investment Assets - Ending								
Cash and investments	\$ 523,088	\$ (42,476)	\$ 286,438	\$ -	\$ 128,063	\$ (82,392)	\$ 244,573	\$ 1,057,294
Restricted assets:								
Cash and investments	-	-	-	29,523	-	-	11,835	41,358
Total cash and investment assets - ending	\$ 523,088	\$ (42,476)	\$ 286,438	\$ 29,523	\$ 128,063	\$ (82,392)	\$ 256,408	\$ 1,098,652
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 29,523	\$ -	\$ -	\$ 11,835	\$ 41,358
Unrestricted	523,088	(42,476)	286,438	-	128,063	(82,392)	244,573	1,057,294
Total cash and investment fund balance - ending	\$ 523,088	\$ (42,476)	\$ 286,438	\$ 29,523	\$ 128,063	\$ (82,392)	\$ 256,408	\$ 1,098,652

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

TRITON SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund <hr/> Retirement/ Severance Bond <hr/>
Deductions:	
Benefits	\$ <u>7,800</u>
Deficiency of total additions over total deductions	(7,800)
Cash and investment fund balance - beginning	<u>37,365</u>
Cash and investment fund balance - ending	\$ <u><u>29,565</u></u>
Net assets:	
Cash and investments	\$ <u>29,565</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>29,565</u></u>

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

TRITON SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Fund</u> <u>Retirement/ Severance Bond</u>
Deductions:	
Benefits	\$ <u>10,430</u>
Deficiency of total additions over total deductions	(10,430)
Cash and investment fund balance - beginning	<u>29,565</u>
Cash and investment fund balance - ending	<u>\$ 19,135</u>
Net assets:	
Cash and investments	<u>\$ 19,135</u>
Total net assets - cash and investment basis held in trust	<u>\$ 19,135</u>

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

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Triton School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with nine other School Corporations in a joint venture to operate North Central Area Vocational Cooperative (Cooperative) which was created to provide programs and services for vocational education. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the administrative office of Culver Community Schools at 222 N. Ohio Street, Culver, IN 46511.

The School Corporation is a participant with nine other School Corporations in a joint venture to operate Joint Educational Services in Special Education (JESSE) which was created to provide programs and services for the handicapped. The School Corporation funds its proportional share based upon the average daily membership of all members of JESSE. JESSE's continued existence depends on continued funding by the School Corporation. Complete financial statements for JESSE can be obtained from the administrative office of JESSE at 324 N. Kingston Road, Plymouth, IN 46563.

The School Corporation is a participant with approximately forty other School Corporations in a joint venture to operate Northern Indiana Educational Services Center (NIESC) which was created to provide educational services for the school corporations. The School Corporation is obligated by contract to remit a fee based upon a formula per ADM annually to supplement NIESC. NIESC's continued existence depends on continued funding by the School Corporation. Complete financial statements for NIESC can be obtained from the administrative office of Mishawaka Community Schools at 56535 Magnetic Drive, Mishawaka, IN 46545.

The School Corporation is a participant with thirty-six other school corporations in a joint venture to operate North Central Energy Cooperative (NEC), which was created to procure natural gas in an economical and efficient manner. The School Corporation is obligated by contract to remit its share of the expenses. Complete financial statements for NEC can be obtained from the administrative office of Concord School Corporation at 59040 Minuteman Way, Elkhart, Indiana 46517.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Corporation has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school lunch fund accounts for financial resources for providing meals to students.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for receipts and disbursements concerning retirements/severance benefits as authorized by statute.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As of January 1, 2008, the Department of Education has mandated a change in the chart of accounts used by the school corporation. These changes have caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. This change does not affect the total amount of expenses, only the allocation of the expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Beginning in 2009, the State General Fund as part of the basic grant distribution shall pay to each school corporation, an amount sufficient to provide all funding for the General and Special Education Pre-School Funds. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any school corporation by the amount of the payment to be made in 2009 by the State for the obligations.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of three to twelve days per year based on employee classification and the months of service. Unused sick leave may be accumulated to a maximum of 75 to 178 days. Accumulated sick leave is not paid to employees.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from one day to twenty days per year based upon the number of years of service and employee classification. Vacation leave does not accumulate from year to year, except for the Superintendent. A maximum of ten unused vacation days may be carried over for the Superintendent. A maximum of five unused vacation days are paid to the Superintendent each year through cash payments.

c. Personal Leave

School Corporation employees earn personal leave at the rate of one to two days per year, depending upon the employee classification. Unused personal leave may be accumulated to a maximum of two to three days, depending on classification. Unused personal days exceeding the maximum are transferred to sick leave. Accumulated personal leave is not paid to employees.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TRITON SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Transportation Operating	\$ -	\$ 42,476
School Bus Replacement	-	82,392
Title I FY 2006-07	471	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Debt Service	Transportation Operating	\$ 24,642	\$ -
Transportation Operating	Other Governmental Funds	50,000	-
Other Governmental Funds	School Bus Replacement	10,000	-
	Other Governmental Funds	7,951	9,461
		<u>92,593</u>	<u>9,461</u>
Totals		<u>\$ 92,593</u>	<u>\$ 9,461</u>

C. 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 fund. Short-term debt activity for the years ended June 30, 2007 and June 30, 2008, was as follows:

	Principal Outstanding Beginning Balance 07-01-06	New Loan Amount	Loan Repayment Amount	Principal Outstanding Ending Balance 06-30-07
General Fund	\$ 644,265	\$ 1,631,428	\$ 748,166	\$ 1,527,527
Debt Service	233,950	127,109	233,950	127,109
Pension Debt Service	62,028	136,957	62,028	136,957
Capital Projects	259,709	519,418	301,593	477,534
Transportation Operating	153,164	279,393	153,164	279,393
School Bus Replacement	-	14,184	-	14,184
Total Tax Anticipation Warrants	<u>\$ 1,353,116</u>	<u>\$ 2,708,489</u>	<u>\$ 1,498,901</u>	<u>\$ 2,562,704</u>

	Principal Outstanding Beginning Balance 07-01-07	New Loan Amount	Loan Repayment Amount	Principal Outstanding Ending Balance 06-30-08
General Fund	\$ 1,527,527	\$ 961,453	\$ 1,527,527	\$ 961,453
Debt Service	127,109	87,655	127,109	87,655
Pension Debt Service	136,957	49,938	136,957	49,938
Capital Projects	477,534	347,069	477,534	347,069
Transportation Operating	279,393	73,114	279,393	73,114
School Bus Replacement	14,184	49,188	14,184	49,188
Total Tax Anticipation Warrants	<u>\$ 2,562,704</u>	<u>\$ 1,568,417</u>	<u>\$ 2,562,704</u>	<u>\$ 1,568,417</u>

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

During 1991, the School Corporation joined the Midwest Area School Employees Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for fifteen member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of group health insurance for member employees, retirees and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 maximum lifetime benefit per covered person. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Triton Elementary 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. Lease payments for the fiscal year ending June 30, 2007 totaled \$370,000.

C. Postemployment Benefits

In addition to the pension benefits described in Note IV. D., the School Corporation provides post-employment health insurance benefits, as authorized by IC 5-10-8, to all employees who retire from the School Corporation on or after attaining age 50 with at least ten years of service. Currently, two retirees meet these eligibility requirements. The School Corporation provides the same portion of the monthly premium cost as it does for employees. During the year ended June 30, 2008, disbursements of \$8,450 were recognized for postemployment benefits.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

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 the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

Annual required contribution	\$	82,151
Interest on net pension obligation		(4,703)
Adjustment to annual required contribution		5,360
Annual pension cost		82,808
Contributions made		75,482
Increase in net pension obligation		7,326
Net pension obligation, beginning of year		(64,874)
Net pension obligation, end of year	\$	(57,548)

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Contribution rates:	
School Corporation	8%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-05	\$ 73,851	104%	\$ (87,526)
06-30-06	96,158	76%	(64,874)
06-30-07	82,808	91%	(57,548)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's 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:

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

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary which is paid by the School Corporation and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$119,938, \$114,595, and \$104,940, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

TRITON 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)
07-01-05	\$ 1,041,611	\$ 1,469,192	\$ (427,581)	71%	\$ 1,124,135	(38%)
07-01-06	1,257,688	1,449,092	(191,404)	87%	1,051,423	(18%)
07-01-07	1,458,942	1,560,031	(101,089)	94%	1,079,742	(9%)

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Rainy Day	Textbook Rental	School Library Printed Material	Instruction Support	Scholarships and Awards	School Technology
Receipts:							
Local sources	\$ 3,930	\$ -	\$ 99,455	\$ -	\$ -	\$ -	\$ 8,251
State sources	28,002	-	15,659	2,454	12,102	508	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	31,932	-	115,114	2,454	12,102	508	8,251
Disbursements:							
Current:							
Instruction	26,000	16,200	-	-	10,006	313	-
Support services	-	50,000	81,918	1,882	-	-	7,276
Debt services	-	-	-	-	-	-	-
Total disbursements	26,000	66,200	81,918	1,882	10,006	313	7,276
Excess (deficiency) of receipts over disbursements	5,932	(66,200)	33,196	572	2,096	195	975
Other financing sources (uses):							
Transfers in	-	50,000	-	-	-	-	-
Transfers out	-	(10,000)	-	-	-	-	-
Total other financing sources (uses)	-	40,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,932	(26,200)	33,196	572	2,096	195	975
Cash and investments - beginning	14,126	87,400	(19,990)	-	697	313	-
Cash and investments - ending	\$ 20,058	\$ 61,200	\$ 13,206	\$ 572	\$ 2,793	\$ 508	\$ 975
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 20,058	\$ 61,200	\$ 13,206	\$ 572	\$ 2,793	\$ 508	\$ 975
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 20,058	\$ 61,200	\$ 13,206	\$ 572	\$ 2,793	\$ 508	\$ 975
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,058	61,200	13,206	572	2,793	508	975
Total cash and investment fund balance - ending	\$ 20,058	\$ 61,200	\$ 13,206	\$ 572	\$ 2,793	\$ 508	\$ 975

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Miscellaneous Programs	Title I 06/07	Title I 05/06	Drug Free Schools	Drug Free Schools	Improving Teacher Quality
Receipts:						
Local sources	\$ 21,248	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	71,216	8,500	-	-	44,177
Bonds and loans	-	-	-	-	-	-
Total receipts	21,248	71,216	8,500	-	-	44,177
Disbursements:						
Current:						
Instruction	-	79,638	19,811	2,146	1,858	65,907
Support services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	79,638	19,811	2,146	1,858	65,907
Excess (deficiency) of receipts over disbursements	21,248	(8,422)	(11,311)	(2,146)	(1,858)	(21,730)
Other financing sources (uses):						
Transfers in	-	7,951	-	-	-	-
Transfers out	-	-	(7,951)	-	-	-
Total other financing sources (uses)	-	7,951	(7,951)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,248	(471)	(19,262)	(2,146)	(1,858)	(21,730)
Cash and investments - beginning	-	-	19,262	3,904	1,858	49,056
Cash and investments - ending	\$ 21,248	\$ (471)	\$ -	\$ 1,758	\$ -	\$ 27,326
Cash and Investment Assets - Ending						
Cash and investments	\$ 21,248	\$ (471)	\$ -	\$ 1,758	\$ -	\$ 27,326
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 21,248	\$ (471)	\$ -	\$ 1,758	\$ -	\$ 27,326
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	21,248	(471)	-	1,758	-	27,326
Total cash and investment fund balance - ending	\$ 21,248	\$ (471)	\$ -	\$ 1,758	\$ -	\$ 27,326

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Enhancing Education	Limited English Proficient	Reading First Grant	Other Federal Programs	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 129,268	\$ 262,152
State sources	-	-	-	-	-	58,725
Federal sources	-	7,080	216,374	11,660	-	359,007
Bonds and loans	-	-	-	-	136,957	136,957
Total receipts	-	7,080	216,374	11,660	266,225	816,841
Disbursements:						
Current:						
Instruction	-	-	257,969	8,217	-	488,065
Support services	2,317	3,779	78,959	-	-	226,131
Debt services	-	-	-	-	248,129	248,129
Total disbursements	2,317	3,779	336,928	8,217	248,129	962,325
Excess (deficiency) of receipts over disbursements	(2,317)	3,301	(120,554)	3,443	18,096	(145,484)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	57,951
Transfers out	-	-	-	-	-	(17,951)
Total other financing sources (uses)	-	-	-	-	-	40,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,317)	3,301	(120,554)	3,443	18,096	(105,484)
Cash and investments - beginning	2,317	3,397	138,616	-	110,556	411,512
Cash and investments - ending	\$ -	\$ 6,698	\$ 18,062	\$ 3,443	\$ 128,652	\$ 306,028
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 6,698	\$ 18,062	\$ 3,443	\$ -	\$ 177,376
Restricted assets:						
Cash and investments	-	-	-	-	128,652	128,652
Total cash and investment assets - ending	\$ -	\$ 6,698	\$ 18,062	\$ 3,443	\$ 128,652	\$ 306,028
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 128,652	\$ 128,652
Unrestricted	-	6,698	18,062	3,443	-	177,376
Total cash and investment fund balance - ending	\$ -	\$ 6,698	\$ 18,062	\$ 3,443	\$ 128,652	\$ 306,028

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Rainy Day	Textbook Rental	School Library Printed Material	SAFE School Haven	Instructional Support
Receipts:						
Local sources	\$ 5,056	\$ -	\$ 67,005	\$ -	\$ -	\$ -
State sources	22,488	-	33,537	-	2,333	29,909
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	27,544	-	100,542	-	2,333	29,909
Disbursements:						
Current:						
Instruction	28,721	-	-	-	-	5,495
Support services	-	-	81,298	572	2,326	-
Debt services	-	-	-	-	-	-
Total disbursements	28,721	-	81,298	572	2,326	5,495
Excess (deficiency) of receipts over disbursements	(1,177)	-	19,244	(572)	7	24,414
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,177)	-	19,244	(572)	7	24,414
Cash and investments - beginning	20,058	61,200	13,206	572	-	-
Cash and investments - ending	<u>\$ 18,881</u>	<u>\$ 61,200</u>	<u>\$ 32,450</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 24,414</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 18,881	\$ 61,200	\$ 32,450	\$ -	\$ 7	\$ 24,414
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 18,881</u>	<u>\$ 61,200</u>	<u>\$ 32,450</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 24,414</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	18,881	61,200	32,450	-	7	24,414
Total cash and investment fund balance - ending	<u>\$ 18,881</u>	<u>\$ 61,200</u>	<u>\$ 32,450</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 24,414</u>

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Instruction Support	Scholarships and Awards	School Technology	Technology Grants	Access Indiana	Miscellaneous Programs
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,070
State sources	-	6,488	-	63,725	2,500	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	-	6,488	-	63,725	2,500	19,070
Disbursements:						
Current:						
Instruction	2,793	508	-	1,376	-	-
Support services	-	-	975	-	-	19,669
Debt services	-	-	-	-	-	-
Total disbursements	2,793	508	975	1,376	-	19,669
Excess (deficiency) of receipts over disbursements	(2,793)	5,980	(975)	62,349	2,500	(599)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,793)	5,980	(975)	62,349	2,500	(599)
Cash and investments - beginning	2,793	508	975	-	-	21,248
Cash and investments - ending	\$ -	\$ 6,488	\$ -	\$ 62,349	\$ 2,500	\$ 20,649
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 6,488	\$ -	\$ 62,349	\$ 2,500	\$ 20,649
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 6,488	\$ -	\$ 62,349	\$ 2,500	\$ 20,649
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	6,488	-	62,349	2,500	20,649
Total cash and investment fund balance - ending	\$ -	\$ 6,488	\$ -	\$ 62,349	\$ 2,500	\$ 20,649

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title I 06/07	Title I 07/08	School Improvement	Innovative Education	Drug Free Schools	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	7,300	79,472	21,600	1,648	-	3,602
Bonds and loans	-	-	-	-	-	-
Total receipts	7,300	79,472	21,600	1,648	-	3,602
Disbursements:						
Current:						
Instruction	683	80,160	-	-	1,758	1,490
Support services	-	1,335	15,084	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	683	81,495	15,084	-	1,758	1,490
Excess (deficiency) of receipts over disbursements	6,617	(2,023)	6,516	1,648	(1,758)	2,112
Other financing sources (uses):						
Transfers in	-	6,146	-	-	-	-
Transfers out	(6,146)	-	(3,315)	-	-	-
Total other financing sources (uses)	(6,146)	6,146	(3,315)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	471	4,123	3,201	1,648	(1,758)	2,112
Cash and investments - beginning	(471)	-	-	-	1,758	-
Cash and investments - ending	\$ -	\$ 4,123	\$ 3,201	\$ 1,648	\$ -	\$ 2,112
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 4,123	\$ 3,201	\$ 1,648	\$ -	\$ 2,112
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 4,123	\$ 3,201	\$ 1,648	\$ -	\$ 2,112
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,123	3,201	1,648	-	2,112
Total cash and investment fund balance - ending	\$ -	\$ 4,123	\$ 3,201	\$ 1,648	\$ -	\$ 2,112

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Improving Teacher Quality	Limited English Proficient	Reading First Grant	Other Federal Programs	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 156,726	\$ 247,857
State sources	-	-	-	-	-	160,980
Federal sources	-	4,342	220,324	-	-	338,288
Bonds and loans	-	-	-	-	49,938	49,938
Total receipts	-	4,342	220,324	-	206,664	797,063
Disbursements:						
Current:						
Instruction	27,326	-	184,676	1,308	-	336,294
Support services	-	10,811	49,388	5,450	-	186,908
Debt services	-	-	-	-	323,481	323,481
Total disbursements	27,326	10,811	234,064	6,758	323,481	846,683
Excess (deficiency) of receipts over disbursements	(27,326)	(6,469)	(13,740)	(6,758)	(116,817)	(49,620)
Other financing sources (uses):						
Transfers in	-	-	-	3,315	-	9,461
Transfers out	-	-	-	-	-	(9,461)
Total other financing sources (uses)	-	-	-	3,315	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,326)	(6,469)	(13,740)	(3,443)	(116,817)	(49,620)
Cash and investments - beginning	27,326	6,698	18,062	3,443	128,652	306,028
Cash and investments - ending	\$ -	\$ 229	\$ 4,322	\$ -	\$ 11,835	\$ 256,408
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 229	\$ 4,322	\$ -	\$ -	\$ 244,573
Restricted assets:						
Cash and investments	-	-	-	-	11,835	11,835
Total cash and investment assets - ending	\$ -	\$ 229	\$ 4,322	\$ -	\$ 11,835	\$ 256,408
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 11,835	\$ 11,835
Unrestricted	-	229	4,322	-	-	244,573
Total cash and investment fund balance - ending	\$ -	\$ 229	\$ 4,322	\$ -	\$ 11,835	\$ 256,408

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

TRITON SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

As Of June 30, 2008

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	\$ 509,241
Buildings	12,216,764
Machinery and equipment	<u>2,020,185</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 14,746,190</u>

TRITON SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following long-term debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Copier	\$ 10,600	\$ 10,728
Copier	24,640	10,560
Notes and loans payable	224,839	87,312
Bonds payable:		
Retirement/Severance	<u>1,135,000</u>	<u>186,016</u>
Total governmental activities long-term debt	<u>\$ 1,395,079</u>	<u>\$ 294,616</u>

TRITON SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS (Applies to Triton Elementary School)

Depository reconciliations of the fund balances to the bank account balances were incorrect. The reconciliation showed the bank with a higher balance than the records at May 31, 2007 and 2008, by \$124.08 and \$453.25 respectively. The reconciliation at July 31, 2008, was off with the bank being higher than the total fund balances by \$124.68. The Extra-Curricular Treasurer made the adjustment during the next fiscal year.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TRITON SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

Compliance

We have audited the compliance of the Triton School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 12, 2009

TRITON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 13,117	\$ 20,175
National School Lunch Program	10.555		<u>115,330</u>	<u>133,934</u>
Total for federal grantor agency			<u>128,447</u>	<u>154,109</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title 1 Grants to Local Educational Agencies	84.010			
		06-4115	27,762	-
		07-4115	79,637	683
		08-4115	<u>-</u>	<u>81,495</u>
Total for program			<u>107,399</u>	<u>82,178</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		06-009	1,858	-
		07-009	2,147	1,758
		08-009	<u>-</u>	<u>1,490</u>
Total for program			<u>4,005</u>	<u>3,248</u>
Reading First Program State Grants	84.357			
		FY 06/07	336,928	-
		FY 07/08	<u>-</u>	<u>234,064</u>
Total for program			<u>336,928</u>	<u>234,064</u>
Rural Education	84.358			
		FY 06/07	3,779	-
		FY 07/08	<u>-</u>	<u>10,810</u>
Total for program			<u>3,779</u>	<u>10,810</u>
Improving Teacher Quality State Grant	84.367			
		FY 05/06	2,317	-
		FY 06/07	65,908	27,326
		FY 07/08	<u>8,217</u>	<u>21,842</u>
Total for program			<u>76,442</u>	<u>49,168</u>
Total for federal grantor agency			<u>528,553</u>	<u>379,468</u>
Total federal awards expended			<u>\$ 657,000</u>	<u>\$ 533,577</u>

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

TRITON SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Triton School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
National School Lunch Program	10.555	\$ 25,546	\$ 30,695

TRITON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.357	Reading First Program State Grants

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TRITON SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TRITON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2009, with Janet Barker, Treasurer; Carl Hilling, Superintendent of Schools; and Richard Trowbridge, President of the School Board. The officials concurred with our audit finding.