

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

AUDIT REPORT

OF

TIPTON COMMUNITY SCHOOL CORPORATION

TIPTON COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

01/31/2011

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--------------------------------|--|
| Treasurer | Reneé L. Anderson | 07-01-08 to 06-30-11 |
| Superintendent of Schools | Robert Schulz Dave Bergdoll | 07-01-08 to 06-30-09 07-01-09 to 06-30-11 |
| President of the School Board | Ken Ehman Michael Bullick | 07-01-08 to 10-30-10 11-01-10 to 06-30-11 |



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 TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tipton Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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 prescribed 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, 2009 and 2010, 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 December 8, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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, 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, 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 Long-Term Debt has 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 the schedule.

STATE BOARD OF ACCOUNTS

December 8, 2010



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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 TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tipton Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 8, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 8, 2010

TIPTON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Totals</u> |
|--|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
| Governmental activities: | | | | |
| Instruction | \$ 7,647,937 | \$ - | \$ 98,443 | \$ (7,549,494) |
| Support services | 5,249,246 | 734,398 | 325,693 | (4,189,155) |
| Noninstructional services | 534,556 | - | - | (534,556) |
| Facilities acquisition and construction | 1,532,349 | - | - | (1,532,349) |
| Debt service | 3,183,700 | - | - | (3,183,700) |
| Nonprogrammed charges | 68,431 | - | - | (68,431) |
| | <u>\$ 18,216,219</u> | <u>\$ 734,398</u> | <u>\$ 424,136</u> | <u>(17,057,685)</u> |
| | | | | |
| General receipts: | | | | |
| Property taxes | | | | 6,412,495 |
| Other local sources | | | | 1,326,561 |
| State aid | | | | 7,312,858 |
| Bonds and loans | | | | 1,300,000 |
| Grants and contributions not restricted to specific programs | | | | 1,144,167 |
| Sale of property | | | | 350 |
| Investment earnings | | | | 42,456 |
| Other | | | | 1,347 |
| | | | | <u>17,540,234</u> |
| Total general receipts | | | | <u>17,540,234</u> |
| Change in net assets | | | | 482,549 |
| Net assets - beginning | | | | <u>4,534,922</u> |
| Net assets - ending | | | | <u>\$ 5,017,471</u> |
| | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | | | | <u>\$ 5,017,471</u> |
| Total assets | | | | <u>\$ 5,017,471</u> |
| | | | | |
| <u>Net Assets</u> | | | | |
| Unrestricted | | | | <u>\$ 5,017,471</u> |
| Total net assets | | | | <u>\$ 5,017,471</u> |

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

TIPTON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Totals</u> |
|--|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
| Governmental activities: | | | | |
| Instruction | \$ 7,671,094 | \$ - | \$ 73,636 | \$ (7,597,458) |
| Support services | 5,505,797 | 714,938 | 406,288 | (4,384,571) |
| Noninstructional services | 550,793 | - | - | (550,793) |
| Facilities acquisition and construction | 2,314,860 | - | - | (2,314,860) |
| Debt service | 1,506,677 | - | - | (1,506,677) |
| Nonprogrammed charges | 62,087 | - | - | (62,087) |
| Total governmental activities | <u>\$ 17,611,308</u> | <u>\$ 714,938</u> | <u>\$ 479,924</u> | <u>(16,416,446)</u> |
| | | | | |
| General receipts: | | | | |
| Property taxes | | | | 6,408,449 |
| Other local sources | | | | 997,349 |
| State aid | | | | 9,869,226 |
| Grants and contributions not restricted to specific programs | | | | 939,353 |
| Sale of property | | | | 2,713 |
| Investment earnings | | | | 33,157 |
| Other | | | | 37,865 |
| Total general receipts | | | | <u>18,288,112</u> |
| | | | | |
| Change in net assets | | | | 1,871,666 |
| Net assets - beginning | | | | <u>5,017,471</u> |
| Net assets - ending | | | | <u>\$ 6,889,137</u> |
| | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 6,041,172 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>847,965</u> |
| Total assets | | | | <u>\$ 6,889,137</u> |
| | | | | |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 847,965 |
| Unrestricted | | | | <u>6,041,172</u> |
| Total net assets | | | | <u>\$ 6,889,137</u> |

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

TIPTON COMMUNITY 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, 2009

| | General | Transportation Operating | Rainy Day | Debt Service | Capital Projects | Construction | Other | Totals |
|---|-------------------|-----------------------------|----------------|------------------|---------------------|------------------|------------------|-------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 3,794,730 | \$ 959,654 | \$ - | \$ 1,051,544 | \$ 1,793,027 | \$ 1,945 | \$ 914,444 | \$ 8,515,344 |
| Intermediate sources | - | - | - | - | - | - | 563 | 563 |
| State sources | 7,377,987 | - | - | - | - | - | 138,574 | 7,516,561 |
| Federal sources | - | - | - | - | - | - | 1,364,600 | 1,364,600 |
| Other | 150 | - | - | - | - | 1,200 | - | 1,350 |
| Total receipts | 11,172,867 | 959,654 | - | 1,051,544 | 1,793,027 | 3,145 | 2,418,181 | 17,398,418 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 6,806,244 | - | - | - | 84,937 | - | 756,757 | 7,647,938 |
| Support services | 3,083,240 | 956,387 | - | - | 591,774 | - | 617,844 | 5,249,245 |
| Noninstructional services | 250,864 | - | - | - | - | - | 283,692 | 534,556 |
| Facilities acquisition and construction | - | - | - | - | 1,056,706 | 55,208 | 420,435 | 1,532,349 |
| Debt services | 1,792,581 | - | - | 1,269,457 | - | - | 121,662 | 3,183,700 |
| Nonprogrammed charges | 68,431 | - | - | - | - | - | - | 68,431 |
| Total disbursements | 12,001,360 | 956,387 | - | 1,269,457 | 1,733,417 | 55,208 | 2,200,390 | 18,216,219 |
| Excess (deficiency) of receipts over disbursements | (828,493) | 3,267 | - | (217,913) | 59,610 | (52,063) | 217,791 | (817,801) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | 1,300,000 | - | 1,300,000 |
| Sale of capital assets | - | - | - | - | 350 | - | - | 350 |
| Transfers in | - | - | 325,000 | 118,628 | - | - | 56,120 | 499,748 |
| Transfers out | (300,000) | - | - | (2,168) | (172,378) | - | (25,202) | (499,748) |
| Total other financing sources (uses) | (300,000) | - | 325,000 | 116,460 | (172,028) | 1,300,000 | 30,918 | 1,300,350 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (1,128,493) | 3,267 | 325,000 | (101,453) | (112,418) | 1,247,937 | 248,709 | 482,549 |
| Cash and investments - beginning | 1,503,692 | 155,211 | 475,000 | 101,453 | 1,647,202 | 35,830 | 616,534 | 4,534,922 |
| Cash and investments - ending | \$ 375,199 | \$ 158,478 | \$ 800,000 | \$ - | \$ 1,534,784 | \$ 1,283,767 | \$ 865,243 | \$ 5,017,471 |
| Cash and Investment Assets - Ending | | | | | | | | |
| Cash and investments | \$ 375,199 | \$ 158,478 | \$ 800,000 | \$ - | \$ 1,534,784 | \$ 1,283,767 | \$ 865,243 | \$ 5,017,471 |
| Total cash and investment assets - ending | \$ 375,199 | \$ 158,478 | \$ 800,000 | \$ - | \$ 1,534,784 | \$ 1,283,767 | \$ 865,243 | \$ 5,017,471 |
| Cash and Investment Fund Balance - Ending | | | | | | | | |
| Unrestricted | \$ 375,199 | \$ 158,478 | \$ 800,000 | \$ - | \$ 1,534,784 | \$ 1,283,767 | \$ 865,243 | \$ 5,017,471 |
| Total cash and investment fund balance - ending | \$ 375,199 | \$ 158,478 | \$ 800,000 | \$ - | \$ 1,534,784 | \$ 1,283,767 | \$ 865,243 | \$ 5,017,471 |

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

TIPTON COMMUNITY 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, 2010

| | General | Transportation Operating | Rainy Day | Debt Service | Capital Projects | Construction | Other | Totals |
|---|-------------------|-----------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 243,218 | \$ 1,690,098 | \$ - | \$ 2,340,030 | \$ 2,767,524 | \$ 9,690 | \$ 1,102,967 | \$ 8,153,527 |
| Intermediate sources | - | - | - | - | - | - | 169 | 169 |
| State sources | 9,921,809 | - | - | - | - | - | 126,825 | 10,048,634 |
| Federal sources | - | - | - | - | - | - | 1,239,768 | 1,239,768 |
| Other | 225 | - | 37,640 | - | - | - | - | 37,865 |
| Total receipts | 10,165,252 | 1,690,098 | 37,640 | 2,340,030 | 2,767,524 | 9,690 | 2,469,729 | 19,479,963 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 6,776,503 | - | - | - | - | - | 900,221 | 7,676,724 |
| Support services | 3,178,310 | 951,851 | - | - | 756,493 | - | 613,216 | 5,499,870 |
| Noninstructional services | 270,888 | - | - | - | - | - | 279,905 | 550,793 |
| Facilities acquisition and construction | - | - | - | - | 883,405 | 939,327 | 492,128 | 2,314,860 |
| Debt services | - | - | - | 1,384,218 | - | - | 122,459 | 1,506,677 |
| Nonprogrammed charges | 62,087 | - | - | - | - | - | - | 62,087 |
| Total disbursements | 10,287,788 | 951,851 | - | 1,384,218 | 1,639,898 | 939,327 | 2,407,929 | 17,611,011 |
| Excess (deficiency) of receipts over disbursements | (122,536) | 738,247 | 37,640 | 955,812 | 1,127,626 | (929,637) | 61,800 | 1,868,952 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | 2,713 | - | - | 2,713 |
| Transfers in | 34,481 | - | - | - | 172,377 | - | 41,373 | 248,231 |
| Transfers out | - | - | - | (116,459) | - | - | (131,772) | (248,231) |
| Total other financing sources (uses) | 34,481 | - | - | (116,459) | 175,090 | - | (90,399) | 2,713 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (88,055) | 738,247 | 37,640 | 839,353 | 1,302,716 | (929,637) | (28,599) | 1,871,665 |
| Cash and investments - beginning | 375,199 | 158,478 | 800,000 | - | 1,534,784 | 1,283,767 | 865,244 | 5,017,472 |
| Cash and investments - ending | \$ 287,144 | \$ 896,725 | \$ 837,640 | \$ 839,353 | \$ 2,837,500 | \$ 354,130 | \$ 836,645 | \$ 6,889,137 |
| Cash and Investment Assets - Ending | | | | | | | | |
| Cash and investments | \$ 287,144 | \$ 896,725 | \$ 837,640 | \$ - | \$ 2,837,500 | \$ 354,130 | \$ 828,033 | \$ 6,041,172 |
| Restricted assets: | | | | | | | | |
| Cash and investments | - | - | - | 839,353 | - | - | 8,612 | 847,965 |
| Total cash and investment assets - ending | \$ 287,144 | \$ 896,725 | \$ 837,640 | \$ 839,353 | \$ 2,837,500 | \$ 354,130 | \$ 836,645 | \$ 6,889,137 |
| Cash and Investment Fund Balance - Ending | | | | | | | | |
| Restricted for: | | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 839,353 | \$ - | \$ - | \$ 8,612 | \$ 847,965 |
| Unrestricted | 287,144 | 896,725 | 837,640 | - | 2,837,500 | 354,130 | 828,033 | 6,041,172 |
| Total cash and investment fund balance - ending | \$ 287,144 | \$ 896,725 | \$ 837,640 | \$ 839,353 | \$ 2,837,500 | \$ 354,130 | \$ 836,645 | \$ 6,889,137 |

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

TIPTON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

| | Pension Trust Funds | Private-Purpose Trust Funds | Agency Funds |
|---|------------------------|--------------------------------|-----------------|
| Additions: | | | |
| Contributions: | | | |
| Other | \$ - | \$ 21,476 | |
| Investment earnings: | | | |
| Interest | 2,865 | - | |
| Total additions | 2,865 | 21,476 | |
| Deductions: | | | |
| Administrative and general | 7,208 | 13,582 | |
| Total deductions | 7,208 | 13,582 | |
| Excess (deficiency) of total additions over total deductions | (4,343) | 7,894 | |
| Cash and investment fund balance - beginning | 362,396 | 104,849 | |
| Cash and investment fund balance - ending | \$ 358,053 | \$ 112,743 | \$ 27,319 |
| Net assets: | | | |
| Cash and investments | \$ 358,053 | \$ 112,743 | \$ 27,319 |
| Total net assets - cash and investment basis held in trust | \$ 358,053 | \$ 112,743 | \$ 27,319 |

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

TIPTON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

| | <u>Pension Trust Funds</u> | <u>Private-Purpose Trust Funds</u> | <u>Agency Funds</u> |
|--|--------------------------------|--|-------------------------|
| Additions: | | | |
| Contributions: | | | |
| Other | \$ - | \$ 9,527 | |
| Investment earnings: | | | |
| Interest | <u>1,939</u> | <u>-</u> | |
| Total additions | <u>1,939</u> | <u>9,527</u> | |
| Deductions: | | | |
| Administrative and general | <u>47,906</u> | <u>15,648</u> | |
| Total deductions | <u>47,906</u> | <u>15,648</u> | |
| Deficiency of total additions over total deductions | (45,967) | (6,121) | |
| Cash and investment fund balance - beginning | <u>358,053</u> | <u>112,743</u> | |
| Cash and investment fund balance - ending | <u>\$ 312,086</u> | <u>\$ 106,622</u> | <u>\$ 9,186</u> |
| Net assets: | | | |
| Cash and investments | <u>\$ 312,086</u> | <u>\$ 106,622</u> | <u>\$ 9,186</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 312,086</u> | <u>\$ 106,622</u> | <u>\$ 9,186</u> |

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

TIPTON COMMUNITY 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: Tipton Community 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 in a joint venture to operate Kokomo Area Special Education Cooperative which was created to provide instruction to handicapped children. The School Corporation is obligated to pay an amount determined annually based upon student participation in the cooperative. Complete financial statements for the Kokomo Area Special Education Cooperative can be obtained from Kokomo-Center Township Consolidated School Corporation.

The School Corporation is a participant in a joint venture to operate Kokomo Area Career Center which was created to provide instruction for vocational education students. The School Corporation is obligated to pay an amount determined annually based upon student participation in the career center. Complete financial statements for the Kokomo Area Career Center can be obtained from Kokomo-Center Township Consolidated School Corporation.

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.

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, proprietary

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Rainy Day Fund is used to account for funds in accordance with IC 36-1-8.5-1 and a locally adopted resolution.

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 or 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 Construction Fund accounts for planned construction, repair, replacement, or remodeling of building projects.

Additionally, the School Corporation reports the following fund types:

Pension trust funds account for bonds and payments anticipated to be made to employees on or after termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefits the students of the School Corporation.

Agency funds account for funds held by the School Corporation in a fiduciary capacity for payroll withholding authorities and other entities.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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.

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 a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

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

- 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."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund 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 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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

1. 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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

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. Prior to November 1, 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

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. IC 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

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$7,330,509.

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.

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The School Corporation held the following investments that were exposed to concentration of credit risk:

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>2008-2009</u> | <u>2009-2010</u> |
|--------------------------|--------------------------|-------------------|-------------------|
| General Fund | Rainy Day Fund | \$ 300,000 | \$ - |
| Debt Service Fund | Capital Projects Fund | - | 116,459 |
| Debt Service Fund | Other Governmental Funds | 2,168 | - |
| Capital Projects Fund | Debt Service Fund | 118,628 | - |
| Capital Projects Fund | Other Governmental Funds | 53,750 | - |
| Other Governmental Funds | General Fund | - | 34,481 |
| | Rainy Day Fund | 25,000 | - |
| | Other Governmental Funds | 202 | 41,373 |
| | Capital Projects Fund | - | 55,918 |
| | | <u> </u> | <u> </u> |
| Totals | | <u>\$ 499,748</u> | <u>\$ 248,231</u> |

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

TIPTON COMMUNITY 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, 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; medical benefits to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Pension Plans

1. Agent Multiple-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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$258,092.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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

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.

The School Corporation's contributions to the plan during the period were \$373,252.

TIPTON COMMUNITY 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) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|--|
| 07-01-07 | \$ 1,843,582 | \$ 2,051,171 | \$ (207,589) | 90% | \$ 1,574,473 | (13%) |
| 07-01-08 | 2,104,411 | 2,226,847 | (122,436) | 95% | 1,692,088 | (7%) |
| 07-01-09 | 2,063,474 | 2,404,438 | (340,964) | 86% | 1,721,660 | (20%) |

TIPTON COMMUNITY 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, 2009

| | Preschool Special Education | School Lunch | Textbook Rental | Special Plate Distribution | High Ability Grant 2008-2009 | Non-English Speaking Program |
|---|-----------------------------------|-------------------|--------------------|----------------------------------|------------------------------------|------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ 10,581 | \$ 474,906 | \$ 195,154 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | 563 | - | - |
| State sources | 54,285 | - | 50,975 | - | 33,314 | - |
| Federal sources | - | 274,718 | - | - | - | - |
| Total receipts | 64,866 | 749,624 | 246,129 | 563 | 33,314 | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 47,040 | 11,694 | - | - | 32,084 | 604 |
| Support services | - | 9,542 | 201,611 | - | - | - |
| Noninstructional services | - | 270,296 | 152 | - | - | - |
| Facilities acquisition and construction | - | 420,435 | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 47,040 | 711,967 | 201,763 | - | 32,084 | 604 |
| Excess (deficiency) of receipts over disbursements | 17,826 | 37,657 | 44,366 | 563 | 1,230 | (604) |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (25,000) | - | - | - | - | - |
| Total other financing sources (uses) | (25,000) | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (7,174) | 37,657 | 44,366 | 563 | 1,230 | (604) |
| Cash and investments - beginning | 22,085 | 74,883 | 294,254 | 5,226 | 850 | 604 |
| Cash and investments - ending | \$ 14,911 | \$ 112,540 | \$ 338,620 | \$ 5,789 | \$ 2,080 | \$ - |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 14,911 | \$ 112,540 | \$ 338,620 | \$ 5,789 | \$ 2,080 | \$ - |
| Total cash and investment assets - ending | \$ 14,911 | \$ 112,540 | \$ 338,620 | \$ 5,789 | \$ 2,080 | \$ - |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | \$ 14,911 | \$ 112,540 | \$ 338,620 | \$ 5,789 | \$ 2,080 | \$ - |
| Total cash and investment fund balance - ending | \$ 14,911 | \$ 112,540 | \$ 338,620 | \$ 5,789 | \$ 2,080 | \$ - |

TIPTON COMMUNITY 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, 2009
 (Continued)

| | Title I 2008-2009 | Title I 2007-2008 | Innovative Education Program Strategies 2006-2007 | Title V, Part A Library Operating 2008-2009 | Innovative Education Program Strategies 2007-2008 | Title I, Part C Fall Migrant |
|---|----------------------|----------------------|---|--|---|------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | <u>133,768</u> | <u>11,000</u> | <u>-</u> | <u>1,079</u> | <u>-</u> | <u>3,761</u> |
| Total receipts | <u>133,768</u> | <u>11,000</u> | <u>-</u> | <u>1,079</u> | <u>-</u> | <u>3,761</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 103,826 | 33,528 | - | - | - | - |
| Support services | 993 | 4,421 | 1,688 | - | 309 | 3,761 |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total disbursements | <u>104,819</u> | <u>37,949</u> | <u>1,688</u> | <u>-</u> | <u>309</u> | <u>3,761</u> |
| Excess (deficiency) of receipts over disbursements | <u>28,949</u> | <u>(26,949)</u> | <u>(1,688)</u> | <u>1,079</u> | <u>(309)</u> | <u>-</u> |
| Transfers in | 202 | - | - | - | - | - |
| Transfers out | <u>-</u> | <u>(202)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>202</u> | <u>(202)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 29,151 | (27,151) | (1,688) | 1,079 | (309) | - |
| Cash and investments - beginning | <u>-</u> | <u>27,151</u> | <u>1,688</u> | <u>-</u> | <u>2,216</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 29,151</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,079</u> | <u>\$ 1,907</u> | <u>\$ -</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ 29,151</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,079</u> | <u>\$ 1,907</u> | <u>\$ -</u> |
| Total cash and investment assets - ending | <u>\$ 29,151</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,079</u> | <u>\$ 1,907</u> | <u>\$ -</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ 29,151</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,079</u> | <u>\$ 1,907</u> | <u>\$ -</u> |
| Total cash and investment fund balance - ending | <u>\$ 29,151</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,079</u> | <u>\$ 1,907</u> | <u>\$ -</u> |

TIPTON COMMUNITY 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, 2009
 (Continued)

| | Safe and Drug Free Communities 2008-2009 | Safe and Drug Free Communities 2007-2008 | Safe and Drug Free Communities 2006-2007 | Hurricane Katrina Grant | Improving Teacher Quality Grant 2007-2008 | Improving Teacher Quality Grant 2008-2009 |
|---|---|---|---|-------------------------------|---|---|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | 3,517 | - | - | - | 9,751 | 51,136 |
| Total receipts | 3,517 | - | - | - | 9,751 | 51,136 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | - | 38,912 | 13,875 |
| Support services | 1,212 | 1,384 | 459 | 18,000 | - | - |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 1,212 | 1,384 | 459 | 18,000 | 38,912 | 13,875 |
| Excess (deficiency) of receipts over disbursements | 2,305 | (1,384) | (459) | (18,000) | (29,161) | 37,261 |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 2,305 | (1,384) | (459) | (18,000) | (29,161) | 37,261 |
| Cash and investments - beginning | - | 2,069 | 459 | 18,000 | 29,502 | - |
| Cash and investments - ending | \$ 2,305 | \$ 685 | \$ - | \$ - | \$ 341 | \$ 37,261 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 2,305 | \$ 685 | \$ - | \$ - | \$ 341 | \$ 37,261 |
| Total cash and investment assets - ending | \$ 2,305 | \$ 685 | \$ - | \$ - | \$ 341 | \$ 37,261 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | \$ 2,305 | \$ 685 | \$ - | \$ - | \$ 341 | \$ 37,261 |
| Total cash and investment fund balance - ending | \$ 2,305 | \$ 685 | \$ - | \$ - | \$ 341 | \$ 37,261 |

TIPTON COMMUNITY 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, 2009
 (Continued)

| | Title III Limited English 2007-2008 | Title III Limited English 2008-2009 | Fiscal Stabilization | School Pension Debt | Transportation Bus Replacement | Totals |
|---|--|--|-------------------------|---------------------------|--------------------------------------|-------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 98,523 | \$ 135,280 | \$ 914,444 |
| Intermediate sources | - | - | - | - | - | 563 |
| State sources | - | - | - | - | - | 138,574 |
| Federal sources | 434 | - | 875,436 | - | - | 1,364,600 |
| Total receipts | 434 | - | 875,436 | 98,523 | 135,280 | 2,418,181 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | 475,194 | - | - | 756,757 |
| Support services | 406 | 970 | 205,910 | - | 167,178 | 617,844 |
| Noninstructional services | - | - | 13,244 | - | - | 283,692 |
| Facilities acquisition and construction | - | - | - | - | - | 420,435 |
| Debt services | - | - | - | 121,662 | - | 121,662 |
| Total disbursements | 406 | 970 | 694,348 | 121,662 | 167,178 | 2,200,390 |
| Excess (deficiency) of receipts over disbursements | 28 | (970) | 181,088 | (23,139) | (31,898) | 217,791 |
| Transfers in | - | - | - | 55,918 | - | 56,120 |
| Transfers out | - | - | - | - | - | (25,202) |
| Total other financing sources (uses) | - | - | - | 55,918 | - | 30,918 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 28 | (970) | 181,088 | 32,779 | (31,898) | 248,709 |
| Cash and investments - beginning | - | 970 | - | (32,779) | 169,356 | 616,534 |
| Cash and investments - ending | \$ 28 | \$ - | \$ 181,088 | \$ - | \$ 137,458 | \$ 865,243 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 28 | \$ - | \$ 181,088 | \$ - | \$ 137,458 | \$ 865,243 |
| Total cash and investment assets - ending | \$ 28 | \$ - | \$ 181,088 | \$ - | \$ 137,458 | \$ 865,243 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | \$ 28 | \$ - | \$ 181,088 | \$ - | \$ 137,458 | \$ 865,243 |
| Total cash and investment fund balance - ending | \$ 28 | \$ - | \$ 181,088 | \$ - | \$ 137,458 | \$ 865,243 |

TIPTON COMMUNITY 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, 2010

| | Preschool Special Education | School Lunch | Textbook Rental | Special Plate Distribution | High Ability Grant 2008-2009 | High Ability Grant 2009-2010 | Title III Limited English 2009-2010 |
|---|-----------------------------------|-------------------|--------------------|----------------------------------|------------------------------------|------------------------------------|---|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ 483,102 | \$ 177,586 | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | 169 | - | - | - |
| State sources | 26,125 | 11,845 | 55,232 | - | - | 33,000 | 623 |
| Federal sources | - | 339,211 | - | - | - | - | - |
| Total receipts | 26,125 | 834,158 | 232,818 | 169 | - | 33,000 | 623 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 6,555 | 8,858 | - | 2,440 | 22,106 | 9,878 | - |
| Support services | - | 12,201 | 273,983 | - | - | - | - |
| Noninstructional services | - | 279,905 | - | - | - | - | - |
| Facilities acquisition and construction | - | 492,128 | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 6,555 | 793,092 | 273,983 | 2,440 | 22,106 | 9,878 | - |
| Excess (deficiency) of receipts over disbursements | 19,570 | 41,066 | (41,165) | (2,271) | (22,106) | 23,122 | 623 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | 25,202 | 2,080 | - |
| Transfers out | (34,481) | - | - | - | (2,080) | (25,202) | - |
| Total other financing sources (uses) | (34,481) | - | - | - | 23,122 | (23,122) | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (14,911) | 41,066 | (41,165) | (2,271) | 1,016 | - | 623 |
| Cash and investments - beginning | 14,911 | 112,540 | 338,620 | 5,789 | 2,080 | - | - |
| Cash and investments - ending | \$ - | \$ 153,606 | \$ 297,455 | \$ 3,518 | \$ 3,096 | \$ - | \$ 623 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ - | \$ 153,606 | \$ 297,455 | \$ 3,518 | \$ 3,096 | \$ - | \$ 623 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ - | \$ 153,606 | \$ 297,455 | \$ 3,518 | \$ 3,096 | \$ - | \$ 623 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | - | - | - | - | - | - | - |
| Unrestricted | - | 153,606 | 297,455 | 3,518 | 3,096 | - | 623 |
| Total cash and investment fund balance - ending | \$ - | \$ 153,606 | \$ 297,455 | \$ 3,518 | \$ 3,096 | \$ - | \$ 623 |

TIPTON COMMUNITY 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, 2010
 (Continued)

| | Title I 2009-2010 | Title I 2008-2009 | Title V, Part A Library Operating 2008-2009 | Innovative Education Program Strategies 2007-2008 | Safe and Drug Free Communities 2007-2008 | Safe and Drug Free Communities 2009-2010 |
|---|----------------------|----------------------|--|---|---|---|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | 132,922 | 13,311 | - | - | - | 5,040 |
| Total receipts | 132,922 | 13,311 | - | - | - | 5,040 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 81,909 | 29,791 | - | - | 685 | 3,075 |
| Support services | 1,041 | - | 1,079 | 1,907 | - | - |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 82,950 | 29,791 | 1,079 | 1,907 | 685 | 3,075 |
| Excess (deficiency) of receipts over disbursements | 49,972 | (16,480) | (1,079) | (1,907) | (685) | 1,965 |
| Other financing sources (uses): | | | | | | |
| Transfers in | 12,671 | - | 1,079 | - | - | - |
| Transfers out | - | (12,671) | (1,079) | - | - | - |
| Total other financing sources (uses) | 12,671 | (12,671) | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 62,643 | (29,151) | (1,079) | (1,907) | (685) | 1,965 |
| Cash and investments - beginning | - | 29,151 | 1,079 | 1,907 | 685 | - |
| Cash and investments - ending | \$ 62,643 | \$ - | \$ - | \$ - | \$ - | \$ 1,965 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 62,643 | \$ - | \$ - | \$ - | \$ - | \$ 1,965 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 62,643 | \$ - | \$ - | \$ - | \$ - | \$ 1,965 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | - | - | - | - | - | - |
| Unrestricted | 62,643 | - | - | - | - | 1,965 |
| Total cash and investment fund balance - ending | \$ 62,643 | \$ - | \$ - | \$ - | \$ - | \$ 1,965 |

TIPTON COMMUNITY 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, 2010
 (Continued)

| | Safe and Drug Free Communities 2008-2009 | Improving Teacher Quality Grant 2007-2008 | Improving Teacher Quality Grant 2009-2010 | Improving Teacher Quality Grant 2008-2009 | Title III Limited English 2007-2008 | Fiscal Stabilization |
|---|---|---|---|---|--|-------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | 62,818 | 10,227 | - | 373,010 |
| Total receipts | - | - | 62,818 | 10,227 | - | 373,010 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 2,167 | - | 34,401 | 47,137 | - | 513,969 |
| Support services | - | - | - | - | 28 | 40,130 |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 2,167 | - | 34,401 | 47,137 | 28 | 554,099 |
| Excess (deficiency) of receipts over disbursements | (2,167) | - | 28,417 | (36,910) | (28) | (181,089) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | 341 | - | - |
| Transfers out | - | (341) | - | - | - | - |
| Total other financing sources (uses) | - | (341) | - | 341 | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (2,167) | (341) | 28,417 | (36,569) | (28) | (181,089) |
| Cash and investments - beginning | 2,305 | 341 | - | 37,261 | 28 | 181,089 |
| Cash and investments - ending | <u>\$ 138</u> | <u>\$ -</u> | <u>\$ 28,417</u> | <u>\$ 692</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 138 | \$ - | \$ 28,417 | \$ 692 | \$ - | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 138</u> | <u>\$ -</u> | <u>\$ 28,417</u> | <u>\$ 692</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other purposes | - | - | - | - | - | - |
| Unrestricted | <u>138</u> | <u>-</u> | <u>28,417</u> | <u>692</u> | <u>-</u> | <u>-</u> |
| Total cash and investment fund balance - ending | <u>\$ 138</u> | <u>\$ -</u> | <u>\$ 28,417</u> | <u>\$ 692</u> | <u>\$ -</u> | <u>\$ -</u> |

TIPTON COMMUNITY 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, 2010
 (Continued)

| | Fiscal Stabilization - Grants to LEAs | Fiscal Stabilization - Special Education | Fiscal Stabilization - Preschool | School Pension Debt | School Bus Replacement | Totals |
|---|--|---|--|---------------------------|------------------------------|-------------------|
| Receipts: | | | | | | |
| Local sources | \$ 28 | \$ 40 | \$ 3 | \$ 186,989 | \$ 255,219 | \$ 1,102,967 |
| Intermediate sources | - | - | - | - | - | 169 |
| State sources | - | - | - | - | - | 126,825 |
| Federal sources | 51,404 | 248,784 | 3,041 | - | - | 1,239,768 |
| Total receipts | 51,432 | 248,824 | 3,044 | 186,989 | 255,219 | 2,469,729 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 135,991 | 1,259 | - | - | 900,221 |
| Support services | 32,351 | 114,516 | - | - | 135,980 | 613,216 |
| Noninstructional services | - | - | - | - | - | 279,905 |
| Facilities acquisition and construction | - | - | - | - | - | 492,128 |
| Debt services | - | - | - | 122,459 | - | 122,459 |
| Total disbursements | 32,351 | 250,507 | 1,259 | 122,459 | 135,980 | 2,407,929 |
| Excess (deficiency) of receipts over disbursements | 19,081 | (1,683) | 1,785 | 64,530 | 119,239 | 61,800 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 41,373 |
| Transfers out | - | - | - | (55,918) | - | (131,772) |
| Total other financing sources (uses) | - | - | - | (55,918) | - | (90,399) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 19,081 | (1,683) | 1,785 | 8,612 | 119,239 | (28,599) |
| Cash and investments - beginning | - | - | - | - | 137,458 | 865,244 |
| Cash and investments - ending | \$ 19,081 | \$ (1,683) | \$ 1,785 | \$ 8,612 | \$ 256,697 | \$ 836,645 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 19,081 | \$ (1,683) | \$ 1,785 | \$ - | \$ 256,697 | \$ 828,033 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | 8,612 | - | 8,612 |
| Total cash and investment assets - ending | \$ 19,081 | \$ (1,683) | \$ 1,785 | \$ 8,612 | \$ 256,697 | \$ 836,645 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 8,612 | \$ - | \$ 8,612 |
| Other purposes | - | - | - | - | - | - |
| Unrestricted | 19,081 | (1,683) | 1,785 | - | 256,697 | 828,033 |
| Total cash and investment fund balance - ending | \$ 19,081 | \$ (1,683) | \$ 1,785 | \$ 8,612 | \$ 256,697 | \$ 836,645 |

TIPTON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

| | Tipton County Foundation Grant | Council on Alcohol, Tobacco, Drug Abuse | Accelerated Reading Program | Wellness Program | Cargill FFA Grant | High School Clarian Health Grant | MAC Grant Fredericks |
|---|--------------------------------------|---|-----------------------------------|---------------------|----------------------|--|----------------------------|
| Additions: | | | | | | | |
| Contributions: | | | | | | | |
| Other | \$ 3,500 | \$ - | \$ 4,179 | \$ 4,500 | \$ 200 | \$ 1,000 | \$ 430 |
| Deductions: | | | | | | | |
| Administrative and general | 3,498 | 756 | 4,179 | 2,846 | - | 746 | 430 |
| Excess (deficiency) of total additions over total deductions | 2 | (756) | - | 1,654 | 200 | 254 | - |
| Cash and investment fund balance - beginning | 808 | 3,641 | - | - | - | - | - |
| Cash and investments - June 30 | <u>\$ 810</u> | <u>\$ 2,885</u> | <u>\$ -</u> | <u>\$ 1,654</u> | <u>\$ 200</u> | <u>\$ 254</u> | <u>\$ -</u> |
| Net assets: | | | | | | | |
| Cash and investments | \$ 810 | \$ 2,885 | \$ - | \$ 1,654 | \$ 200 | \$ 254 | \$ - |
| Total net assets - cash and investment basis held in trust | <u>\$ 810</u> | <u>\$ 2,885</u> | <u>\$ -</u> | <u>\$ 1,654</u> | <u>\$ 200</u> | <u>\$ 254</u> | <u>\$ -</u> |

TIPTON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

| | MAC Grant McCord | Cargill Scholarship | Rickenbaugh Memorial | High School Tobacco Grant | Target Scholarship 4th Grade | Blue Devil Science | Totals |
|---|------------------------|------------------------|-------------------------|---------------------------------|------------------------------------|-----------------------|-------------------|
| Additions: | | | | | | | |
| Contributions: | | | | | | | |
| Other | \$ 406 | \$ - | \$ 5,000 | \$ 1,461 | \$ 800 | \$ - | \$ 21,476 |
| Deductions: | | | | | | | |
| Administrative and general | 106 | 76 | - | 171 | 774 | - | 13,582 |
| Excess (deficiency) of total additions over total deductions | 300 | (76) | 5,000 | 1,290 | 26 | - | 7,894 |
| Cash and investment fund balance - beginning | - | 200 | - | 200 | - | 100,000 | 104,849 |
| Cash and investments - June 30 | <u>\$ 300</u> | <u>\$ 124</u> | <u>\$ 5,000</u> | <u>\$ 1,490</u> | <u>\$ 26</u> | <u>\$ 100,000</u> | <u>\$ 112,743</u> |
| Net assets: | | | | | | | |
| Cash and investments | \$ 300 | \$ 124 | \$ 5,000 | \$ 1,490 | \$ 26 | \$ 100,000 | \$ 112,743 |
| Total net assets - cash and investment basis held in trust | <u>\$ 300</u> | <u>\$ 124</u> | <u>\$ 5,000</u> | <u>\$ 1,490</u> | <u>\$ 26</u> | <u>\$ 100,000</u> | <u>\$ 112,743</u> |

TIPTON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

| | Tipton County Foundation Grant | Council on Alcohol, Tobacco, Drug Abuse | Elementary School Courtyard | Accelerated Reading Program | Wellness Program | Cargill FFA Grant | High School Clarian Health Grant | MAC Grant Fredericks |
|---|--------------------------------------|---|-----------------------------------|-----------------------------------|---------------------|----------------------|--|----------------------------|
| Additions: | | | | | | | | |
| Contributions: | | | | | | | | |
| Other | \$ 3,500 | \$ - | \$ 1,000 | \$ 3,180 | \$ 1,150 | \$ - | \$ - | \$ - |
| Deductions: | | | | | | | | |
| Administrative and general | 3,596 | - | - | 564 | 2,651 | 200 | 254 | - |
| Excess (deficiency) of total additions over total deductions | (96) | - | 1,000 | 2,616 | (1,501) | (200) | (254) | - |
| Cash and investment fund balance - beginning | 810 | 2,885 | - | - | 1,654 | 200 | 254 | - |
| Cash and investments - June 30 | <u>\$ 714</u> | <u>\$ 2,885</u> | <u>\$ 1,000</u> | <u>\$ 2,616</u> | <u>\$ 153</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net assets: | | | | | | | | |
| Cash and investments | \$ 714 | \$ 2,885 | \$ 1,000 | \$ 2,616 | \$ 153 | \$ - | \$ - | \$ - |
| Total net assets - cash and investment basis held in trust | <u>\$ 714</u> | <u>\$ 2,885</u> | <u>\$ 1,000</u> | <u>\$ 2,616</u> | <u>\$ 153</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

TIPTON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

| | MAC Grant McCord | Cargill Scholarship | Rickenbaugh Memorial | Solid Waste Grant | High School Tobacco Grant | Target Scholarship 4th Grade | Blue Devil Science | Totals |
|---|------------------------|------------------------|-------------------------|----------------------|---------------------------------|------------------------------------|-----------------------|-------------------|
| Additions: | | | | | | | | |
| Contributions: | | | | | | | | |
| Other | \$ 497 | \$ - | \$ - | \$ 200 | \$ - | \$ - | \$ - | \$ 9,527 |
| Deductions: | | | | | | | | |
| Administrative and general | 797 | - | 5,000 | - | 560 | 26 | 2,000 | 15,648 |
| Excess (deficiency) of total additions over total deductions | (300) | - | (5,000) | 200 | (560) | (26) | (2,000) | (6,121) |
| Cash and investment fund balance - beginning | 300 | 124 | 5,000 | - | 1,490 | 26 | 100,000 | 112,743 |
| Cash and investments - June 30 | <u>\$ -</u> | <u>\$ 124</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ 930</u> | <u>\$ -</u> | <u>\$ 98,000</u> | <u>\$ 106,622</u> |
| Net assets: | | | | | | | | |
| Cash and investments | <u>\$ -</u> | <u>\$ 124</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ 930</u> | <u>\$ -</u> | <u>\$ 98,000</u> | <u>\$ 106,622</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ -</u> | <u>\$ 124</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ 930</u> | <u>\$ -</u> | <u>\$ 98,000</u> | <u>\$ 106,622</u> |

TIPTON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The school has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|------------------------------------|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Elementary School | \$ 7,320,000 | \$ 944,354 |
| Middle School 2006 | 1,630,000 | 178,000 |
| Middle School 2009 | 5,360,000 | 344,000 |
| Claims and judgments | | |
| Notes and loans payable | 1,360,000 | 220,591 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Pension Debt Obligation | <u>380,000</u> | <u>117,874</u> |
| Total governmental activities debt | <u>\$ 16,050,000</u> | <u>\$ 1,804,819</u> |

TIPTON COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the school administration to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

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

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

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 TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

Compliance

We have audited the compliance of the Tipton Community 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, 2009 and 2010. 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, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-3.

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

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)

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.

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. We consider the deficiencies in internal control over compliance described in items 2010-2 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2010-2 to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 8, 2010

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

| 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 06-30-09 | Total Federal Awards Expended 06-30-10 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program | 10.553 | FY 08-09 FY 09-10 | \$ 36,805 - | \$ - 49,302 |
| Total for program | | | <u>36,805</u> | <u>49,302</u> |
| National School Lunch Program | 10.555 | FY 08-09 FY 09-10 | 274,518 - | - 336,168 |
| Total for program | | | <u>274,518</u> | <u>336,168</u> |
| Total for federal grantor agency | | | <u>311,323</u> | <u>385,470</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies | 84.010 | FY 08-09 FY 09-10 | 142,969 - | - 125,412 |
| Total for program | | | <u>142,969</u> | <u>125,412</u> |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 10-7945 | - | 32,351 |
| Total for cluster | | | <u>142,969</u> | <u>157,763</u> |
| Migrant Education - State Grant Program | 84.011 | FY 2008-2009 | 3,761 | - |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | 07-7945 08-7945 09-7945 | 459 1,384 1,212 | - 3,820 2,305 |
| Total for program | | | <u>3,055</u> | <u>6,125</u> |
| State Grants for Innovative Programs | 84.298 | FY 06-07 FY 07-08 FY 08-09 FY 09-10 | 1,688 309 - - | - 1,907 2,158 1,079 |
| Total for program | | | <u>1,997</u> | <u>5,144</u> |
| Pass-Through Kokomo-Center Township Consolidated School Corporation Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act | 84.391 | 33310-035-SN01 | - | 250,507 |
| ARRA - Special Education - Preschool Grants, Recovery Act | 84.392 | 44410-035-SN01 | - | 1,259 |
| Total for cluster | | | <u>-</u> | <u>251,766</u> |
| Pass-Through Wabash Valley Educational Center English Language Acquisition Grants | 84.365 | FY 07-08 FY 08-09 | 970 406 | - 28 |
| Total for program | | | <u>1,376</u> | <u>28</u> |
| Pass-Through Indiana Department of Education Improving Teacher Quality State Grants | 84.367 | 06-7945 07-7945 08-7945 09-7945 | 1,264 39,037 - 13,875 | 340 341 34,401 46,796 |
| Total for program | | | <u>54,176</u> | <u>81,878</u> |
| State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act | 84.394 | FY 08-09 FY 09-10 | 694,347 - | - 554,098 |
| Total for program | | | <u>694,347</u> | <u>554,098</u> |
| Hurricane Education Recovery | 84.938 | FY 08-09 | 18,000 | - |
| Total for federal grantor agency | | | <u>919,681</u> | <u>1,056,802</u> |
| Total federal awards expended | | | <u>\$ 1,231,004</u> | <u>\$ 1,442,272</u> |

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

TIPTON COMMUNITY 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 Tipton Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title | Federal CFDA Number | 2009 | 2010 |
|-------------------------------|---------------------------|-----------|-----------|
| National School Lunch Program | 10.555 | \$ 48,092 | \$ 49,259 |

TIPTON COMMUNITY 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? | yes |
| Significant deficiencies identified that are not considered to be material weaknesses? | no |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|--|-----|
| Material weaknesses identified? | yes |
| Significant deficiencies identified that are not considered to be material weaknesses? | no |

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? yes

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| | Child Nutrition Cluster |
| | Title I, Part A Cluster |
| | State Fiscal Stabilization Fund Cluster |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

Section III – Federal Award Findings

FINDING 2010-2, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education
Pass-Through Entity: Indiana Department of Education
Federal Programs (CFDA Titles): Title I, Part A Cluster, State Fiscal Stabilization Fund Cluster
CFDA Numbers: 84.010, 84.389, and 84.394
Award Number and Year: FY 2008-2009, FY 2009-2010
Auditee Contact Person: Reneé L. Anderson
Title of Contact Person: Treasurer
Phone Number: 765-675-2147

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Lack of Segregation of Duties:** Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

Circular A133 Subpart C section §____.300 states in part:

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

We recommended the School Corporation develop internal control procedures properly segregating accounting activities in the administration office.

FINDING 2010-3, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Pass-Through Entity: Indiana Department of Education
Federal Program (CFDA Title): Title I, Part A Cluster
CFDA Number: 84.010 and 84.389
Award Number and Year: FY 2008-2009 and 2009-2010
Auditee Contact Person: Reneé L. Anderson
Title of Contact Person: Treasurer
Phone Number: 765-675-2147

Amounts received by the School Corporation for Title I Grants to Local Educational Agencies were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the grant exceeded the allowable cash balance based upon estimated future requirements for all nine months where the Title I 2008-2009 project had activity and for six of the eight months where there was activity in the Title I 2009-2010 project. The Title I 2009-2010 Fund at October 31, 2010, had a cash balance of \$26,475.48, which was 18% of the grant awarded during fiscal year 2009-2010. Cash drawdown requests were not revised to ensure there would not be excess cash on hand.

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 80.20 (b)(7) states in part:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on sub grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make draw downs as close as possible to the time of making disbursements. Grantees must monitor cash draw downs by their sub grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

TIPTON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



TIPTON COMMUNITY SCHOOL CORPORATION

David L. Bergdoll, Superintendent

Reneé L. Anderson, Treasurer
Brian D. Witherow, Director of Technology

CORRECTIVE ACTION PLAN - SECTION II FINANCIAL STATEMENT FINDINGS

The management of the Tipton Community School Corporation has reviewed the Section II - financial statement finding 2010-1 Internal Controls Over Financial Transactions relating to their audit for the period July 1, 2008 through June 30, 2010. We offer the following corrective action:

Lack of segregation of duties: The school corporation will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by the treasurer. However, the school corporation is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risk inherent with the current design of their business office.

Handwritten signature of David L. Bergdoll in cursive script.

Superintendent, Tipton Community School Corporation

Handwritten signature of Renee L. Anderson in cursive script.

Treasurer, Tipton Community School Corporation



TIPTON COMMUNITY SCHOOL CORPORATION

David L. Bergdoll, Superintendent

Reneé L. Anderson, Treasurer
Brian D. Witherow, Director of Technology

CORRECTIVE ACTION PLAN – SECTION III FEDERAL AWARDS FINDINGS

The management of the Tipton Community School Corporation has reviewed the federal awards findings 2010-2 and 2010-3 Internal Controls Over Financial Transactions and Reporting and Cash Management, Title I, relating to their audit for the period July 1, 2008 through June 30, 2010. We offer the following corrective actions:

Lack of segregation of duties: The school corporation will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by the treasurer. However, the school corporation is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risk inherent with the current design of their business office.

Cash Management – Title I Program: The school corporation will work to minimize excessive cash balances in the Title I Program by working with the Indiana Department of Education as well as establishing better lines of communication between the Title I program director and the treasurer relating to cash management issues.

Handwritten signature of David L. Bergdoll in black ink.

Superintendent, Tipton Community School Corporation

Handwritten signature of Renee L. Anderson in black ink.

Treasurer, Tipton Community School Corporation

TIPTON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2010, with Dave Bergdoll, Superintendent of Schools; Reneé L. Anderson, Treasurer; and Michael Bullick, President of the School Board. The officials concurred with our audit finding.