

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRI-COUNTY SCHOOL CORPORATION  
WHITE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
02/19/2013



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha Bell	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Gilbert Crimmins	07-01-10 to 06-30-13
President of the School Board	Don Pampel	07-01-10 to 06-30-13



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Tri-County School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 4, 2013, 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 4, 2013



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

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

We have audited the financial statement of the Tri-County School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 4, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-01 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 4, 2013

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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TRI-COUNTY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 454,879	\$ 5,753,160	\$ 5,837,216	\$ 4,755	\$ 375,578	\$ 5,597,181	\$ 5,499,174	\$ 5,273	\$ 478,858
Debt Service	314,892	2,312,609	1,771,325	(580,033)	276,143	1,901,802	1,698,694	-	479,251
Retirement/Severance Bond Debt Service	11,532	420,522	284,795	-	147,259	313,508	282,725	-	178,042
Capital Projects	662,947	1,403,679	955,214	21,716	1,133,128	1,044,447	1,026,118	-	1,151,457
School Transportation	476,579	460,159	577,385	33,765	393,118	661,370	467,592	-	586,896
School Bus Replacement	114,523	376,315	179,839	5,074	316,073	146,518	230,452	-	232,139
Rainy Day	1,200,000	829	206,393	600,000	1,594,436	-	99,494	-	1,494,942
Retirement/Severance Bond	2,063,567	5,918	178,847	-	1,890,638	2,476	150,580	-	1,742,534
Construction	63,446	4,000	52,033	-	15,413	-	121,047	2,000,000	1,894,366
School Lunch	48,956	347,638	332,436	-	64,158	373,810	362,777	-	75,191
Textbook Rental	15,393	59,344	75,782	4,887	3,842	64,964	66,122	-	2,684
Levy Excess	23,228	-	-	(23,228)	-	23,930	-	-	23,930
Educational License Plates	3,563	131	-	-	3,694	206	-	-	3,900
Scholarships and Awards	21,100	63	500	-	20,663	33	1,500	-	19,196
White County Health Department Grant	2,000	-	970	-	1,030	-	-	-	1,030
2009-2010 Pampel Educational Grant	2,081	-	2,081	-	-	-	-	-	-
Jasper Foundation Grants	-	1,000	-	-	1,000	727	1,424	-	303
REMC Grant	-	1,000	-	-	1,000	2,500	3,481	-	19
TC Foundation Grants	8,127	20,459	16,196	-	12,390	9,884	13,781	-	8,493
Wind Farm Academic Programs	76,533	185,430	26,248	-	235,715	529,480	53,630	-	711,565
Wind Farm Employee Enhancement	76,533	185,432	21,298	-	240,667	529,490	41,783	-	728,374
Wind Farm TC Educational Foundation	-	246,830	144,772	-	102,058	705,721	-	-	807,779
SIA Foundation Grant	1,290	-	1,290	-	-	-	-	-	-
Donation - Life Skills/Science	-	2,000	133	-	1,867	-	933	-	934
Fuel up to Play 60	-	-	-	-	-	2,500	539	-	1,961
Auditor Overpayment Fund	-	55,927	55,927	-	-	-	-	-	-
High Ability Grant 2009-2010	3,291	-	3,291	-	-	26,923	21,985	-	4,938
High Ability Grant 2010-2011	-	27,891	23,077	-	4,814	-	4,814	-	-
Drug Free Communities	5,451	3,100	3,408	-	5,143	2,700	4,767	-	3,076
Medicaid Reimbursement	438	5,303	-	(4,041)	1,700	5,117	-	(4,861)	1,956
Non-English Speaking Programs P.L. 273-1999	20	-	-	-	20	-	-	-	20
School Technology	43,269	13,582	5,258	-	51,593	15,832	17,665	-	49,760
RUS Match Fund'	-	-	-	-	-	158,111	116,426	-	41,685
Excess PTRC Distributions	57,267	-	-	(57,267)	-	-	-	-	-
Title I - FY 2010	10,380	-	3,480	(6,900)	-	-	-	-	-
Title I - FY 2011	-	101,593	108,493	6,900	-	-	-	-	-
Title I - FY 2012	-	-	-	-	-	84,869	86,554	-	(1,685)
Title IV Drug Free Schools FY 2008	297	-	297	-	-	-	-	-	-
Title IV Drug Free Schools FY 2009	-	2,139	2,519	-	(380)	380	-	-	-
Medicaid Reimbursement - Federal	40,225	13,097	1,157	-	52,165	9,484	1,388	-	60,261
Tech Prep Perkins Logistic	(16,556)	26,540	9,984	-	-	-	-	-	-
RUS Federal Grant	-	-	-	-	-	231,855	231,855	-	-
2010-2011 Improving Teaching Quality, No Child Left, Title II, Part A	4,760	13,000	17,760	-	-	10,000	10,000	-	-
2009-2010 Improving Teaching Quality, No Child Left, Title II, Part A	12,047	-	12,047	-	-	20,331	20,331	-	-
Title I - Grants to LEAs - Stimulus	(486)	22,747	21,765	-	496	3,253	3,749	-	-
Special Education - Part B - Stimulus	6,611	16,807	23,766	-	(348)	6,629	6,281	-	-
Education Jobs	-	-	-	-	-	180,106	180,106	-	-
Payroll Withholding Fund	7,343	1,566,583	1,565,094	-	8,832	1,511,509	1,507,313	-	13,028
Prepaid Food	3,120	469	171	-	3,418	1,259	254	-	4,423
Fringe Benefit Clearing Fund	-	971	971	-	-	968	968	-	-
<b>Totals</b>	<b>\$ 5,818,646</b>	<b>\$ 13,656,267</b>	<b>\$ 12,523,218</b>	<b>\$ 5,628</b>	<b>\$ 6,957,323</b>	<b>\$ 14,179,873</b>	<b>\$ 12,336,302</b>	<b>\$ 2,000,412</b>	<b>\$ 10,801,306</b>

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

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

*C. Cash and Investments*

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

*D. Receipts*

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

*F. Other Financing Sources and Uses*

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

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

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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

*B. Teacher's Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 454,879	\$ 314,892	\$ 11,532	\$ 662,947	\$ 476,579	\$ 114,523	\$ 1,200,000	\$ 2,063,567	\$ 63,446	\$ 48,956
Receipts:										
Local sources	126,791	2,312,609	420,522	1,288,085	460,159	376,315	829	5,918	4,000	170,142
Intermediate sources	786	-	-	-	-	-	-	-	-	-
State sources	5,625,569	-	-	-	-	-	-	-	-	4,905
Federal sources	14	-	-	-	-	-	-	-	-	172,591
Other	-	-	-	115,594	-	-	-	-	-	-
Total receipts	5,753,160	2,312,609	420,522	1,403,679	460,159	376,315	829	5,918	4,000	347,638
Disbursements:										
Current:										
Instruction	3,978,336	-	-	-	-	-	19,100	-	-	-
Support services	1,842,700	9,825	1,546	644,404	577,385	179,839	187,293	178,847	-	-
Noninstructional services	16,180	-	-	-	-	-	-	-	-	332,436
Facilities acquisition and construction	-	-	-	310,810	-	-	-	-	52,033	-
Debt services	-	1,761,500	283,249	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,837,216	1,771,325	284,795	955,214	577,385	179,839	206,393	178,847	52,033	332,436
Excess (deficiency) of receipts over disbursements	(84,056)	541,284	135,727	448,465	(117,226)	196,476	(205,564)	(172,929)	(48,033)	15,202
Other financing sources (uses):										
Sale of capital assets	714	-	-	4,914	-	-	-	-	-	-
Transfers in	4,041	24,854	-	16,802	33,765	5,074	600,000	-	-	-
Transfers out	-	(604,887)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,755	(580,033)	-	21,716	33,765	5,074	600,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(79,301)	(38,749)	135,727	470,181	(83,461)	201,550	394,436	(172,929)	(48,033)	15,202
Cash and investments - ending	\$ 375,578	\$ 276,143	\$ 147,259	\$ 1,133,128	\$ 393,118	\$ 316,073	\$ 1,594,436	\$ 1,890,638	\$ 15,413	\$ 64,158

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	White County Health Department Grant	2009-2010 Pampel Educational Grant	Jasper Foundation Grants	REMC Grant	TC Foundation Grants
Cash and investments - beginning	\$ 15,393	\$ 23,228	\$ 3,563	\$ 21,100	\$ 2,000	\$ 2,081	\$ -	\$ -	\$ 8,127
Receipts:									
Local sources	44,904	-	-	63	-	-	1,000	1,000	20,459
Intermediate sources	-	-	131	-	-	-	-	-	-
State sources	14,440	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	59,344	-	131	63	-	-	1,000	1,000	20,459
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	8,591
Support services	75,782	-	-	-	970	2,081	-	-	6,639
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	500	-	-	-	-	966
Total disbursements	75,782	-	-	500	970	2,081	-	-	16,196
Excess (deficiency) of receipts over disbursements	(16,438)	-	131	(437)	(970)	(2,081)	1,000	1,000	4,263
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	4,887	-	-	-	-	-	-	-	-
Transfers out	-	(23,228)	-	-	-	-	-	-	-
Total other financing sources (uses)	4,887	(23,228)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,551)	(23,228)	131	(437)	(970)	(2,081)	1,000	1,000	4,263
Cash and investments - ending	\$ 3,842	\$ -	\$ 3,694	\$ 20,663	\$ 1,030	\$ -	\$ 1,000	\$ 1,000	\$ 12,390

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Educational Foundation	SIA Foundation Grant	Donation Life Skills/Science	Auditor Overpayment Fund	High Ability Grant 2009-2010	High Ability Grant 2010-2011	Drug Free Communities
Cash and investments - beginning	\$ 76,533	\$ 76,533	\$ -	\$ 1,290	\$ -	\$ -	\$ 3,291	\$ -	\$ 5,451
Receipts:									
Local sources	185,430	185,432	246,830	-	2,000	55,927	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	3,100
State sources	-	-	-	-	-	-	-	27,891	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	185,430	185,432	246,830	-	2,000	55,927	-	27,891	3,100
Disbursements:									
Current:									
Instruction	-	15,345	-	1,290	133	-	3,291	23,077	-
Support services	22,456	5,953	-	-	-	55,927	-	-	3,408
Noninstructional services	-	-	144,772	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,792	-	-	-	-	-	-	-	-
Total disbursements	26,248	21,298	144,772	1,290	133	55,927	3,291	23,077	3,408
Excess (deficiency) of receipts over disbursements	159,182	164,134	102,058	(1,290)	1,867	-	(3,291)	4,814	(308)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	159,182	164,134	102,058	(1,290)	1,867	-	(3,291)	4,814	(308)
Cash and investments - ending	\$ 235,715	\$ 240,667	\$ 102,058	\$ -	\$ 1,867	\$ -	\$ -	\$ 4,814	\$ 5,143

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Excess PTRC Distributions	Title 1 FY 2010	Title 1 FY 2011	Title IV Drug Free Schools FY 2008	Title IV Drug Free Schools FY 2009	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ 438	\$ 20	\$ 43,269	\$ 57,267	\$ 10,380	\$ -	\$ 297	\$ -	\$ 40,225
Receipts:									
Local sources	-	-	7,827	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	5,303	-	5,755	-	-	-	-	-	-
Federal sources	-	-	-	-	-	101,593	-	2,139	13,097
Other	-	-	-	-	-	-	-	-	-
Total receipts	5,303	-	13,582	-	-	101,593	-	2,139	13,097
Disbursements:									
Current:									
Instruction	-	-	-	-	2,280	108,216	297	300	-
Support services	-	-	5,258	-	200	-	-	2,219	1,157
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,000	277	-	-	-
Total disbursements	-	-	5,258	-	3,480	108,493	297	2,519	1,157
Excess (deficiency) of receipts over disbursements	5,303	-	8,324	-	(3,480)	(6,900)	(297)	(380)	11,940
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	6,900	-	-	-
Transfers out	(4,041)	-	-	(57,267)	(6,900)	-	-	-	-
Total other financing sources (uses)	(4,041)	-	-	(57,267)	(6,900)	6,900	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,262	-	8,324	(57,267)	(10,380)	-	(297)	(380)	11,940
Cash and investments - ending	\$ 1,700	\$ 20	\$ 51,593	\$ -	\$ -	\$ -	\$ -	\$ (380)	\$ 52,165

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Tech Prep Perkins Logistics	2010-2011 Improving Teaching Quality No Child Left Title II, Part A	2009-2010 Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Payroll Withholding Fund	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ (16,556)	\$ 4,760	\$ 12,047	\$ (486)	\$ 6,611	\$ 7,343	\$ 3,120	\$ -	\$ 5,818,646
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,916,242
Intermediate sources	-	-	-	-	-	-	-	-	4,017
State sources	-	-	-	-	-	-	-	-	5,683,863
Federal sources	26,540	13,000	-	22,747	16,807	-	-	-	368,528
Other	-	-	-	-	-	1,566,583	469	971	1,683,617
Total receipts	26,540	13,000	-	22,747	16,807	1,566,583	469	971	13,656,267
Disbursements:									
Current:									
Instruction	9,984	-	-	17,285	23,766	-	-	-	4,211,291
Support services	-	17,760	12,047	3,880	-	-	-	-	3,837,576
Noninstructional services	-	-	-	-	-	-	-	-	493,388
Facilities acquisition and construction	-	-	-	-	-	-	-	-	362,843
Debt services	-	-	-	-	-	-	-	-	2,044,749
Nonprogrammed charges	-	-	-	600	-	1,565,094	171	971	1,573,371
Total disbursements	9,984	17,760	12,047	21,765	23,766	1,565,094	171	971	12,523,218
Excess (deficiency) of receipts over disbursements	16,556	(4,760)	(12,047)	982	(6,959)	1,489	298	-	1,133,049
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	5,628
Transfers in	-	-	-	-	-	-	-	-	696,323
Transfers out	-	-	-	-	-	-	-	-	(696,323)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	5,628
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,556	(4,760)	(12,047)	982	(6,959)	1,489	298	-	1,138,677
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 496	\$ (348)	\$ 8,832	\$ 3,418	\$ -	\$ 6,957,323

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 375,578	\$ 276,143	\$ 147,259	\$ 1,133,128	\$ 393,118	\$ 316,073	\$ 1,594,436	\$ 1,890,638	\$ 15,413
Receipts:									
Local sources	128,193	1,901,802	313,508	1,044,447	661,370	146,518	-	2,476	-
Intermediate sources	786	-	-	-	-	-	-	-	-
State sources	5,468,188	-	-	-	-	-	-	-	-
Federal sources	14	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,597,181</u>	<u>1,901,802</u>	<u>313,508</u>	<u>1,044,447</u>	<u>661,370</u>	<u>146,518</u>	<u>-</u>	<u>2,476</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	3,662,582	-	-	-	-	-	-	-	-
Support services	1,816,260	-	-	846,146	467,592	230,452	99,494	150,580	-
Noninstructional services	20,332	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	179,972	-	-	-	-	121,047
Debt services	-	1,698,694	282,725	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,499,174</u>	<u>1,698,694</u>	<u>282,725</u>	<u>1,026,118</u>	<u>467,592</u>	<u>230,452</u>	<u>99,494</u>	<u>150,580</u>	<u>121,047</u>
Excess (deficiency) of receipts over disbursements	<u>98,007</u>	<u>203,108</u>	<u>30,783</u>	<u>18,329</u>	<u>193,778</u>	<u>(83,934)</u>	<u>(99,494)</u>	<u>(148,104)</u>	<u>(121,047)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	412	-	-	-	-	-	-	-	-
Transfers in	4,861	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>103,280</u>	<u>203,108</u>	<u>30,783</u>	<u>18,329</u>	<u>193,778</u>	<u>(83,934)</u>	<u>(99,494)</u>	<u>(148,104)</u>	<u>1,878,953</u>
Cash and investments - ending	<u>\$ 478,858</u>	<u>\$ 479,251</u>	<u>\$ 178,042</u>	<u>\$ 1,151,457</u>	<u>\$ 586,896</u>	<u>\$ 232,139</u>	<u>\$ 1,494,942</u>	<u>\$ 1,742,534</u>	<u>\$ 1,894,366</u>

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	White County Health Department Grant	Jasper Foundation Grants	REMC Grant	TC Foundation Grants
Cash and investments - beginning	\$ 64,158	\$ 3,842	\$ -	\$ 3,694	\$ 20,663	\$ 1,030	\$ 1,000	\$ 1,000	\$ 12,390
Receipts:									
Local sources	185,284	41,323	23,930	-	33	-	727	2,500	9,884
Intermediate sources	-	-	-	206	-	-	-	-	-
State sources	4,993	23,641	-	-	-	-	-	-	-
Federal sources	183,533	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>373,810</u>	<u>64,964</u>	<u>23,930</u>	<u>206</u>	<u>33</u>	<u>-</u>	<u>727</u>	<u>2,500</u>	<u>9,884</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	886	3,481	13,781
Support services	-	66,122	-	-	-	-	538	-	-
Noninstructional services	362,777	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,500	-	-	-	-
Total disbursements	<u>362,777</u>	<u>66,122</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,424</u>	<u>3,481</u>	<u>13,781</u>
Excess (deficiency) of receipts over disbursements	<u>11,033</u>	<u>(1,158)</u>	<u>23,930</u>	<u>206</u>	<u>(1,467)</u>	<u>-</u>	<u>(697)</u>	<u>(981)</u>	<u>(3,897)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,033</u>	<u>(1,158)</u>	<u>23,930</u>	<u>206</u>	<u>(1,467)</u>	<u>-</u>	<u>(697)</u>	<u>(981)</u>	<u>(3,897)</u>
Cash and investments - ending	<u>\$ 75,191</u>	<u>\$ 2,684</u>	<u>\$ 23,930</u>	<u>\$ 3,900</u>	<u>\$ 19,196</u>	<u>\$ 1,030</u>	<u>\$ 303</u>	<u>\$ 19</u>	<u>\$ 8,493</u>

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Educational Foundation	Donation Life Skills/Science	Fuel up to Play 60	High Ability Grant 2009-2010	High Ability Grant 2010-2011	Drug Free Communities	Medicaid Reimbursement
Cash and investments - beginning	\$ 235,715	\$ 240,667	\$ 102,058	\$ 1,867	\$ -	\$ -	\$ 4,814	\$ 5,143	\$ 1,700
Receipts:									
Local sources	529,480	529,490	705,721	-	2,500	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	2,700	-
State sources	-	-	-	-	-	26,923	-	-	5,117
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	529,480	529,490	705,721	-	2,500	26,923	-	2,700	5,117
Disbursements:									
Current:									
Instruction	8,492	30,505	-	933	-	21,985	4,814	-	-
Support services	40,187	11,278	-	-	-	-	-	4,767	-
Noninstructional services	3,393	-	-	-	539	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,558	-	-	-	-	-	-	-	-
Total disbursements	53,630	41,783	-	933	539	21,985	4,814	4,767	-
Excess (deficiency) of receipts over disbursements	475,850	487,707	705,721	(933)	1,961	4,938	(4,814)	(2,067)	5,117
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(4,861)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(4,861)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	475,850	487,707	705,721	(933)	1,961	4,938	(4,814)	(2,067)	256
Cash and investments - ending	\$ 711,565	\$ 728,374	\$ 807,779	\$ 934	\$ 1,961	\$ 4,938	\$ -	\$ 3,076	\$ 1,956

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	RUS Match Fund	Title 1 FY 2012	Title IV Drug Free Schools FY 2009	Medicaid Reimbursement Federal	RUS Federal Grant	2010-2011 Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ 20	\$ 51,593	\$ -	\$ -	\$ (380)	\$ 52,165	\$ -	\$ -
Receipts:								
Local sources	-	10,078	158,111	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	5,754	-	-	-	-	-	-
Federal sources	-	-	-	84,869	380	9,484	231,855	10,000
Other	-	-	-	-	-	-	-	-
Total receipts	-	15,832	158,111	84,869	380	9,484	231,855	10,000
Disbursements:								
Current:								
Instruction	-	-	-	86,554	-	-	-	-
Support services	-	17,665	116,426	-	-	1,388	231,855	10,000
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	17,665	116,426	86,554	-	1,388	231,855	10,000
Excess (deficiency) of receipts over disbursements	-	(1,833)	41,685	(1,685)	380	8,096	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,833)	41,685	(1,685)	380	8,096	-	-
Cash and investments - ending	\$ 20	\$ 49,760	\$ 41,685	\$ (1,685)	\$ -	\$ 60,261	\$ -	\$ -

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	2009-2010 Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Education Jobs	Payroll Withholding Fund	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ 496	\$ (348)	\$ -	\$ 8,832	\$ 3,418	\$ -	\$ 6,957,323
Receipts:								
Local sources	-	-	-	-	-	-	-	6,397,375
Intermediate sources	-	-	-	-	-	-	-	3,692
State sources	-	-	-	-	-	-	-	5,534,616
Federal sources	20,331	3,253	6,629	180,106	-	-	-	730,454
Other	-	-	-	-	1,511,509	1,259	968	1,513,736
Total receipts	20,331	3,253	6,629	180,106	1,511,509	1,259	968	14,179,873
Disbursements:								
Current:								
Instruction	-	3,449	6,281	180,106	-	-	-	4,023,849
Support services	20,331	-	-	-	-	-	-	4,131,081
Noninstructional services	-	-	-	-	-	-	-	387,041
Facilities acquisition and construction	-	-	-	-	-	-	-	301,019
Debt services	-	-	-	-	-	-	-	1,981,419
Nonprogrammed charges	-	300	-	-	1,507,313	254	968	1,511,893
Total disbursements	20,331	3,749	6,281	180,106	1,507,313	254	968	12,336,302
Excess (deficiency) of receipts over disbursements	-	(496)	348	-	4,196	1,005	-	1,843,571
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	412
Transfers in	-	-	-	-	-	-	-	4,861
Transfers out	-	-	-	-	-	-	-	(4,861)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,000,412
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(496)	348	-	4,196	1,005	-	3,843,983
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 13,028	\$ 4,423	\$ -	\$ 10,801,306

TRI-COUNTY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
2008 & 2011 Building Corporation Lease	\$ 3,675,000	\$ 585,000
Bonds payable:		
General obligation bonds:		
Bonds of 2011	1,690,000	336,856
Pension Bonds	<u>775,000</u>	<u>139,614</u>
Total debt	<u>\$ 6,140,000</u>	<u>\$ 1,061,470</u>

TRI-COUNTY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2012

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

	<u>Ending Balance</u>
Land	\$ 104,300
Buildings	33,616,301
Machinery and equipment	<u>1,175,193</u>
Total other capital assets	<u>\$ 34,895,794</u>

TRI-COUNTY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***CONDITION OF RECORDS (Applies to Tri County Primary-Intermediate Schools)***

The following deficiencies relating to the recordkeeping were noted on the 2011-12 Extra-Curricular records at Tri-County Primary-Intermediate Schools.

1. Record balances were not reconciled to depository balances.

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

2. There were several posting errors. These errors included four bank charge reversals totaling \$447.22 not posted to the ledger, and seven checks totaling \$449.08 not posted to the ledger.

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 Extra-Curricular Accounts, Chapter 7)

***FORM SA-7, CLAIM FOR PAYMENT - LACK OF PROPER APPROVALS  
(Applies to Tri County Primary-Intermediate Schools)***

The Extra-Curricular Account Treasurer's is the only signature on the Form SA-7, Claim for Payment, which supports and documents the disbursements made through the extra-curricular account. The School's Principal or a Club Sponsor should also be reviewing and approving the SA-7 by signing the document in the proper locations.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 Extra-Curricular Accounts, Chapter 7)

***COLLECTIVE BARGAINING***

The collective bargaining agreement presented for audit contained the following items prohibited by Indiana Code 20-29-6-4; 20-29-6-4.5; and 20-29-6-4.7:

- (1) A term ending August 15, 2013 which extends beyond the biennium, June 30, 2013.
- (2) The employer will allow up to a total of seven days for Bargaining Unit business with salary deductions equal to the cost for substitutes for those days.

TRI-COUNTY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.
- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
- (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
- (5) Any subject not expressly listed in section 4 of this chapter.

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

Indiana Code 20-29-6-4.7(b) states: "A contract entered into between a school employer and an exclusive representative after this section has been enacted into law may not extend past the end of a state budget biennium."

Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines Volume 198, June 2012)

TRI-COUNTY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***DONATIONS***

The Tri-County School Corporation donated \$10,000 to the Remington Wolcott Community Development Corporation.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***SEGREGATION OF DUTIES - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Control activities should be selected and developed at various levels of the school to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain 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  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Tri-County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 2012-4.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2, 2012-3 and 2012-4 to be material weaknesses.

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 the response.

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

STATE BOARD OF ACCOUNTS

February 4, 2013

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the School Corporation. The schedule and note are presented as intended by the School Corporation.

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 33,999	\$ 38,744
National School Lunch Program	10.555		161,622	172,558
Total for cluster			<u>195,621</u>	<u>211,302</u>
Direct Grant				
Distance Learning and Telemedicine Loans and Grants	10.855			
		SY 2011-2012	-	231,855
Total for federal grantor agency			<u>195,621</u>	<u>443,157</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		FY 8535-10	3,481	-
		FY 8535-11	108,492	-
		FY 8535-12	-	84,869
Total for program			<u>111,973</u>	<u>84,869</u>
ARRA Title 1 Grants to Local Educational Agencies, Recovery Act	84.389			
		SY 2010-2011	21,766	-
		SY 2011-2012	-	3,749
Total for program			<u>21,766</u>	<u>3,749</u>
Total for cluster			<u>133,739</u>	<u>88,618</u>
Career and Technical Education - Basic Grants to States	84.048			
		SY 2010-2011	9,984	-
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		8535-08	297	-
		8535-09	2,519	-
Total for program			<u>2,816</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367			
		FY 8535-10	17,760	-
		FY 8535-11	12,047	10,000
		FY 8535-12	-	20,331
Total for program			<u>29,807</u>	<u>30,331</u>
Education Jobs Fund	84.410			
		SY 2011-2012	-	180,106
Pass-Through West Central School Corporation Special Education Cluster (IDEA)				
ARRA Special Education - Grants to States, Recovery Act	84.391			
IDEA Recovery Funds for Services to Students with Disabilities			23,767	6,280
Total for federal grantor agency			<u>200,113</u>	<u>305,335</u>
Total federal awards expended			<u>\$ 395,734</u>	<u>\$ 748,492</u>

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

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Tri-County School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 23,030	\$ 27,769

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.855	Child Nutrition Cluster Distance Learning and Telemedicine Loans and Grants

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 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the Tri-County Schools related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

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

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 and Questioned Costs**

**FINDING 2012-2 - INTERNAL CONTROLS**

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program and National School Lunch Program  
CFDA Number: 10.553 and 10.555  
Federal Award Number and Year: FY 2012  
Pass-Through Entity: Indiana Department of Education

Management of the Tri-County School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Allowable Activities, Allowable Costs, Reporting and Special Test and Provisions. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 (b) states:

*"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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2012-3 - INTERNAL CONTROLS**

Federal Agency: U.S. Department of Agriculture  
Federal Program: Distance Learning and Telemedicine Loans and Grants  
CFDA Number: 10.855  
Federal Award Number and Year: FY 2012  
Direct Grant

Management of the Tri-County School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Allowable Activities, Allowable Costs, Cash Management, Equipment and Real Property Management, Matching, Level of Effort, Earmarking, Period of Availability, Procurement, Suspension and Debarment, Reporting and Sub-recipient Monitoring. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 (b) states:

*"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."*

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

**FINDING 2012-4 - ELIGIBILITY AND VERIFICATION**

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program and National School Lunch Program  
CFDA Number: 10.555 & 10.553  
Federal Award Number and Year: FY 2011-2012  
Pass-Through Entity: Indiana Department of Education

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation incorrectly calculated the monthly income on an application selected for verification. Of the four applications selected for verification, one application's monthly income was incorrectly calculated causing a student's eligibility status to be incorrectly maintained as free. The School Corporation's administration staff completing the verification was unaware that the income standards calculation method used was not consistent with those established by the grantor agency.

7 CFR 245.3 states:

"(a) Each State agency, or FNSRO (Food and Nutrition Service Regional Office) where applicable, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in § 245.2, under the jurisdiction of such State agency, or FNSRO where applicable, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the FEDERAL REGISTER.

(b) Each participating local educational agency and all participating schools under its jurisdiction must adhere to the eligibility criteria specified in this part."

OMB Circular A-133, Subpart C, section .300 (b) states:

*"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."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School.

We recommend the School Corporation implement procedures that will increase the accuracy of the eligibility determination process.

# TRI-COUNTY SCHOOL CORPORATION

105 N 2ND STREET  
WOLCOTT, INDIANA 47995

DR. GILBERT L. CRIMMINS  
SUPERINTENDENT

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Fax: (219) 279-2242  
Email: tccorp@trico.k12.in.us

February 4, 2013

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-1 Internal Controls Over Financial Transactions and Reporting  
Finding Number 2010-2 Internal Controls (CFDA#84.010)  
Finding Number 2010-3 Internal Controls (CFDA#84.391)  
Finding Number 2010-4 Internal Controls (CFDA#84.394)

Original SBOA Audit Report Number: B3854  
Auditee Contact Person: Marsha Bell  
Title of Contact Person: Treasurer  
Phone: (219)-279-2418

Status of Finding: The Treasurer has reviewed their office procedures and has attempted to assign duties to include as much segregation as possible. The employees cross perform certain duties when an employee is on vacation. The school corporation is very small and management has determined that costs associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of a stronger internal control structure.



Marsha Bell  
Tri-County School Corporation Treasurer

# TRI-COUNTY SCHOOL CORPORATION

105 N 2ND STREET  
WOLCOTT, INDIANA 47995

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February 4, 2013

## CORRECTIVE ACTION PLAN

### Financial Statement Finding 2012-1 Internal Controls over Financial Transactions and Reporting

The Tri-County School Corporation has reviewed the Financial Statement Findings related to the audit for the years July 1, 2010 to June 30, 2012, and we offer the following corrective actions.

Lack of Segregation of Duties - The Treasurer has reviewed their office procedures and has attempted to assign duties to include as much segregation as possible. The employees cross perform certain duties when an employee is on vacation. The school corporation is very small and management has determined that costs associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of a stronger internal control structure.



Marsha Bell

Tri-County School Corporation Treasurer

# TRI-COUNTY SCHOOL CORPORATION

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February 4, 2013

## CORRECTIVE ACTION PLAN

Federal Finding: 2012-2 Internal Controls

Federal Agency: U. S. Department of Agriculture

Federal Program: Child Nutrition Cluster

Pass Through Entity: Indiana Department of Education

Federal Award Year: FY 2010-2011 and 2011-2012

CFDA Numbers: 10.553 and 10.555

The Tri-County School Corporation has reviewed the Federal Award Findings related to the audit for the years July 1, 2010 to June 30, 2012, and we offer the following corrective actions.

Lack of Segregation of Duties - The Treasurer has reviewed their office procedures and has attempted to assign duties to include as much segregation as possible. The employees cross perform certain duties when an employee is on vacation. The school corporation is very small and management has determined that costs associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of a stronger internal control structure.

Management acknowledges and assumes the risks inherent with the current design of the business office.

Federal Finding: 2012-3 Internal Controls

Federal Agency: U. S. Department of Agriculture

Federal Program: Distance Learning and Telemedicine Loans and Grants

Pass Through Entity: N/A

Federal Award Year: FY 2011-2012

CFDA Number: 10.855

The Tri-County School Corporation has reviewed the Federal Award Findings related to the audit for the years July 1, 2010 to June 30, 2012, and we offer the following corrective actions.

Lack of Segregation of Duties - The Treasurer has reviewed their office procedures and has attempted to assign duties to include as much segregation as possible. The employees cross perform certain duties when an employee is on vacation. The school corporation is very small and management has determined that costs associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of a stronger internal control structure.

Management acknowledges and assumes the risks inherent with the current design of the business office.

Federal Finding: 2012-4 Eligibility and Verification

Federal Agency: U. S. Department of Agriculture

Federal Program: Child Nutrition Cluster

Pass Through Entity: Indiana Department of Education

Federal Award Year: FY 2010-2011 and 2011-2012

CFDA Numbers: 10.553 and 10.555

The school corporation has reviewed its procedures for eligibility and verification for the Child Nutrition Cluster grant. The school corporation will provide the proper documentation to its staff to ensure internal controls are in place for proper classification of students. The school principals will be

instructed on the proper federal guidelines for determining eligibility for each application and verification of the applications selected for testing.

A handwritten signature in cursive script that reads "Marsha Bell".

Marsha Bell

Tri-County School Corporation Treasurer

TRI-COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 4, 2013, with Dr. Gilbert Crimmins, Superintendent of Schools, and Marsha Bell, Treasurer.