

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRI-CREEK SCHOOL CORPORATION  
LAKE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
03/19/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sandra K. Goss	07-01-10 to 06-30-13
Business Manager	Dr. Thomas J. Dykiel (Vacant) Lynn A. Kwilasz	07-01-10 to 08-10-12 08-11-12 to 08-21-12 08-22-12 to 06-01-13
Superintendent of Schools	Dr. Alice A. Neal Dr. Debra K. Howe	07-01-10 to 06-30-11 07-01-11 to 06-30-13
President of the School Board	Lon P. Childress Douglas L. Ward	07-01-10 to 06-30-11 07-01-11 to 06-30-13



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Tri-Creek 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 Leases and 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-CREEK SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statement of the Tri-Creek 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.

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.

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

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 Government 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.

TRI-CREEK 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		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 11,114,573	\$ 23,542,512	\$ 24,328,974	\$ (1,060,846)	\$ 9,267,265	\$ 22,564,984	\$ 20,852,248	\$ -	\$ 10,980,001	
Debt Service	-	671,718	627,156	-	44,562	1,197,662	722,204	34,776	554,796	
Retirement/Severance Bond Debt Service	-	-	-	-	-	107,239	-	-	107,239	
Exempt Debt	1,027,182	9,172,278	10,209,624	10,164	-	12,420,259	9,013,741	(10,164)	3,396,354	
Exempt Retirement/Severance Bond Debt Service	67,986	208,276	270,980	-	5,282	241,592	246,874	-	-	
Capital Projects	2,527,748	1,203,375	1,893,074	29,320	1,867,369	2,985,882	2,691,374	-	2,161,877	
Transportation Operating	2,025,583	1,158,530	1,740,667	361	1,443,807	1,577,780	1,842,000	356	1,179,943	
School Bus Replacement	94,786	606,854	701,640	-	-	577,404	181,726	-	395,678	
Rainy Day	-	-	-	1,000,000	1,000,000	-	-	-	1,000,000	
Retirement/Severance Bond	917,746	-	125,462	-	792,284	-	118,633	-	673,651	
Post-Retirement/Severance Future Benefits	310,502	-	256,419	64,553	118,636	191,249	5,071	-	304,814	
Construction	1,607,981	1,052	895,415	1,899	715,517	-	373,536	-	341,981	
Elementary School Improvement	139,318	-	133,371	-	5,947	-	1,958	-	3,989	
Middle School Construction	45,988	2,528,686	2,001,620	(6,334)	566,720	410,446	420,779	-	556,387	
Common School Construction Loan	600	-	600	-	-	-	-	-	-	
High School Construction	3,054	-	3,257	203	-	-	-	-	-	
2006 GO Bonds	416,625	-	57,930	-	358,695	-	43,718	-	314,977	
School Lunch	1,369,250	1,355,043	1,506,120	-	1,218,173	1,420,682	1,249,028	-	1,389,827	
Textbook Rental	193,085	248,777	96,496	-	345,366	283,542	387,122	-	241,786	
Levy Excess	-	44,431	-	-	44,431	-	-	-	44,431	
Arts in Education	108	-	108	-	-	-	-	-	-	
Educational License Plates	13,329	975	6,334	-	7,970	844	-	-	8,814	
Alternative Education	24,109	12,811	26,207	-	10,713	11,765	2,368	-	20,110	
Safe Haven Grant 2007-2008	600	-	-	-	600	-	-	-	600	
Tri-Kappa Grant	1,150	-	24	-	1,126	-	-	-	1,126	
TC Foundation	-	-	-	-	-	500	500	-	-	
BP Fabric of America Grant	2,018	-	1,418	-	600	-	-	-	600	
BP Art Grant Lake Prairie	118	-	46	-	72	-	-	-	72	
Parking Tickets Revenue	3,787	2,206	-	-	5,993	2,334	-	-	8,327	
Tri-Creek Education Foundation Grants	6,227	1,050	1,380	-	5,897	550	667	-	5,780	
Foundation Donations	-	19,611	10,392	-	9,219	16,270	10,514	-	14,975	
Lake County Drug Free Alliance	60	-	60	-	-	-	-	-	-	
Pepsi Marketing Rebate 2010-2011	-	24,652	-	-	24,652	-	6,270	-	18,382	
Pepsi Marketing Rebate 2005-2006	1,973	-	27	-	1,946	-	664	-	1,282	
Pepsi Marketing Rebate 2006-2007	6,408	-	2,896	-	3,512	-	2,805	-	707	
Pepsi Marketing Rebate 2007-2008	17,073	-	8,284	-	8,789	-	1,278	-	7,511	
Pepsi Marketing Rebate 2008-2009	22,511	-	15,761	-	6,750	-	1,096	-	5,654	
Pepsi Marketing Rebate 2009-2010	24,181	-	6,318	-	17,863	-	5,871	-	11,992	
Gifted/Talented High Ability 2007-2008	3	-	3	-	-	-	-	-	-	
Gifted/Talented High Ability 2009-2010	23,396	-	23,396	-	-	-	-	-	-	
Tech Prep State Grant 2009-2010	1	7,778	7,779	-	-	-	-	-	-	
Common School Technology Advancement 2008-2009	1	137,769	137,770	-	-	-	-	-	-	

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

TRI-CREEK 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  
(Continued)

	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
Common School Technology Advancement 2009-2010	-	816	816	-	-	689,200	689,200	-	-
Gifted/Talented High Ability 2010-2011	-	40,800	25,900	-	14,900	-	14,900	-	-
Gifted/Talented High Ability 2011-2012	-	-	-	-	-	42,660	25,231	-	17,429
Non-English Speaking Program 2009-2010	1,553	-	1,553	-	-	-	-	-	-
Non-English Speaking Program 2010-2011	-	6,916	5,326	-	1,590	6,061	1,590	-	6,061
School Technology 2007-2008	90,668	52,199	23,665	-	119,202	39,008	28,537	-	129,673
Access Indiana Linux Grant	5	-	5	-	-	-	-	-	-
Access Indiana 2007-2008	1,176	-	1,176	-	-	-	-	-	-
Title I, Part A, 2007-2008	15,000	-	-	-	15,000	-	-	-	15,000
Title I, Part A, 2009-2010	90,209	17,534	56,218	(51,525)	-	-	-	-	-
Title I, Part A, 2010-2011	-	292,633	344,157	51,525	1	14,520	14,370	-	151
Title I, Part A, 2011-2012	-	-	-	-	-	225,202	225,202	-	-
Title V, Part A, Innovative Programs 2008	115	-	115	-	-	-	-	-	-
Learn and Serve	-	6,148	2,719	-	3,429	-	3,429	-	-
IDEA	-	-	-	-	-	69,874	69,874	-	-
Title IV, Drug Free Schools 2009-2010	11,907	-	11,907	-	-	1,836	1,836	-	-
Carl Perkins Grant 2009-2010	-	20,906	20,906	-	-	-	-	-	-
Carl Perkins Grant 2010-2011	-	12,485	12,485	-	-	27,817	27,817	-	-
Carl Perkins Grant 2011-2012	-	-	-	-	-	8,639	8,639	-	-
Small Learning Communities Grant 2010-2011	1	356,985	356,985	-	1	51,599	51,600	-	-
Small Learning Communities Grant 2011-2012	-	-	-	-	-	88,947	88,947	-	-
School to Work	-	-	-	-	-	7,693	7,693	-	-
Indiana Tech Prep Grant	-	47,090	47,090	-	-	8,416	8,416	-	-
Improving Teacher Quality 2009-2010	43,593	42,678	84,970	-	1,301	-	1,301	-	-
Improving Teacher Quality 2010-2011	-	34,321	34,320	-	1	55,542	47,990	-	7,553
Improving Teacher Quality 2008-2009	6,412	-	6,412	-	-	-	-	-	-
Title III, Language Instruction for LEP	-	5,780	5,779	-	1	5,762	5,763	-	-
USDA Wellness	-	778,562	778,562	-	-	-	-	-	-
SOS COPS Grant 2010-2011	-	-	-	-	-	35,303	35,303	-	-
SOS COPS Grant 2005-2010	-	187,791	190,635	2,844	-	-	-	-	-
COPS Federal Grant	-	92,817	92,816	-	1	172,809	172,810	-	-
Title I - Grants to LEAs	74,281	39,710	113,935	-	56	129	-	-	185
Special Education - Part B	1	408,848	408,849	-	-	198,053	198,053	-	-
Education Technology	-	108,115	108,054	(61)	-	-	-	-	-
Education Jobs	-	7,152	7,152	-	-	1,025,310	1,025,310	-	-
Energy Efficiency and Conservation Block Grant	-	134,074	134,074	-	-	-	-	-	-
Food Service Clearing	48,015	722,496	709,269	-	61,242	972,738	1,005,894	-	28,086
Textbook Rental Clearing	-	343,484	340,949	-	2,535	327,713	322,972	-	7,276
Payroll Withholdings	42,577	4,484,102	4,404,570	-	122,109	4,703,903	4,641,553	-	184,459
Totals	\$ 22,434,573	\$ 49,192,826	\$ 53,428,377	\$ 42,103	\$ 18,241,125	\$ 52,789,718	\$ 46,906,275	\$ 24,968	\$ 24,149,536

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

TRI-CREEK 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-CREEK 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.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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, and funds held temporarily for an authorized recipient.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

*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.

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

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.

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.

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

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.

**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-CREEK 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.

The School Corporation also contributes to an additional pension plan unique to the School Corporation, for non-certified personnel. Information regarding these plans may be obtained from the School Corporation.

**Note 7. Subsequent Events**

In September 2012, the School Corporation, in conjunction with the Tri-Creek Building Corporation, issued the Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2012. The purpose of these bonds was to refund the Building Corporation's remaining First Mortgage Bonds, Series 2003, maturing July 15, 2022, and to provide proceeds to replace the existing lighting poles and structure at the Lowell High School football field and to acquire computers for a portion of the "one to one" computer program. The aggregate principal amount is \$4,010,000.

## 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-CREEK 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	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 11,114,573	\$ -	\$ -	\$ 1,027,182	\$ 67,986	\$ 2,527,748	\$ 2,025,583	\$ 94,786	\$ -	\$ 917,746
Receipts:										
Local sources	832,728	539,542	-	5,554,986	175,025	1,202,676	1,155,619	431,966	-	-
Intermediate sources	192,942	-	-	-	-	-	-	-	-	-
State sources	19,469,468	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	3,047,374	132,176	-	3,617,292	33,251	-	-	174,888	-	-
Other	-	-	-	-	-	699	2,911	-	-	-
Total receipts	23,542,512	671,718	-	9,172,278	208,276	1,203,375	1,158,530	606,854	-	-
Disbursements:										
Current:										
Instruction	13,961,173	-	-	-	-	-	-	-	-	-
Support services	5,813,837	-	-	-	-	1,456,770	1,740,667	701,640	-	125,462
Noninstructional services	259,661	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	436,304	-	-	-	-
Debt services	-	494,980	-	7,851,238	237,729	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	4,294,303	132,176	-	2,358,386	33,251	-	-	-	-	-
Total disbursements	24,328,974	627,156	-	10,209,624	270,980	1,893,074	1,740,667	701,640	-	125,462
Excess (deficiency) of receipts over disbursements	(786,462)	44,562	-	(1,037,346)	(62,704)	(689,699)	(582,137)	(94,786)	-	(125,462)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	10,164	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	29,320	361	-	-	-
Transfers in	3,707	-	-	-	-	-	-	-	1,000,000	-
Transfers out	(1,064,553)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,060,846)	-	-	10,164	-	29,320	361	-	1,000,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,847,308)	44,562	-	(1,027,182)	(62,704)	(660,379)	(581,776)	(94,786)	1,000,000	(125,462)
Cash and investments - ending	\$ 9,267,265	\$ 44,562	\$ -	\$ -	\$ 5,282	\$ 1,867,369	\$ 1,443,807	\$ -	\$ 1,000,000	\$ 792,284

TRI-CREEK 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)

	Post Retirement/ Severance Future Benefits	Construction	Elementary School Improvement	Middle School Construction	Common School Construction Loan	High School Construction	2006 GO Bonds	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 310,502	\$ 1,607,981	\$ 139,318	\$ 45,988	\$ 600	\$ 3,054	\$ 416,625	\$ 1,369,250	\$ 193,085
Receipts:									
Local sources	-	1,052	-	2,528,686	-	-	-	897,561	234,102
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	21,698	14,675
Federal sources	-	-	-	-	-	-	-	435,784	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,052	-	2,528,686	-	-	-	1,355,043	248,777
Disbursements:									
Current:									
Instruction	-	-	-	297,100	600	3,257	-	-	-
Support services	65,174	7,625	-	88,396	-	-	-	-	96,496
Noninstructional services	-	-	-	-	-	-	-	1,506,120	-
Facilities acquisition and construction	-	887,790	133,371	1,616,124	-	-	57,930	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	191,245	-	-	-	-	-	-	-	-
Total disbursements	256,419	895,415	133,371	2,001,620	600	3,257	57,930	1,506,120	96,496
Excess (deficiency) of receipts over disbursements	(256,419)	(894,363)	(133,371)	527,066	(600)	(3,257)	(57,930)	(151,077)	152,281
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	1,899	-	156	-	203	-	-	-
Transfers in	64,553	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(6,490)	-	-	-	-	-
Total other financing sources (uses)	64,553	1,899	-	(6,334)	-	203	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(191,866)	(892,464)	(133,371)	520,732	(600)	(3,054)	(57,930)	(151,077)	152,281
Cash and investments - ending	\$ 118,636	\$ 715,517	\$ 5,947	\$ 566,720	\$ -	\$ -	\$ 358,695	\$ 1,218,173	\$ 345,366

TRI-CREEK 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)

	Levy Excess	Arts in Education	Educational License Plates	Alternative Education	Safe Haven Grant 2007-2008	Tri-Kappa Grant	TC Foundation	BP Fabric of America Grant	BP Art Grant Lake Prairie
Cash and investments - beginning	\$ -	\$ 108	\$ 13,329	\$ 24,109	\$ 600	\$ 1,150	\$ -	\$ 2,018	\$ 118
Receipts:									
Local sources	44,431	-	-	-	-	-	-	-	-
Intermediate sources	-	-	975	-	-	-	-	-	-
State sources	-	-	-	12,811	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	44,431	-	975	12,811	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	108	-	26,207	-	24	-	1,418	46
Support services	-	-	6,334	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	108	6,334	26,207	-	24	-	1,418	46
Excess (deficiency) of receipts over disbursements	44,431	(108)	(5,359)	(13,396)	-	(24)	-	(1,418)	(46)
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	44,431	(108)	(5,359)	(13,396)	-	(24)	-	(1,418)	(46)
Cash and investments - ending	\$ 44,431	\$ -	\$ 7,970	\$ 10,713	\$ 600	\$ 1,126	\$ -	\$ 600	\$ 72

TRI-CREEK 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)

	Parking Tickets Revenue	Tri-Creek Education Foundation Grants	Foundation Donations	Lake County Drug Free Alliance	Pepsi Marketing Rebate 2010-2011	Pepsi Marketing Rebate 2005-2006	Pepsi Marketing Rebate 2006-2007	Pepsi Marketing Rebate 2007-2008	Pepsi Marketing Rebate 2008-2009
Cash and investments - beginning	\$ 3,787	\$ 6,227	\$ -	\$ 60	\$ -	\$ 1,973	\$ 6,408	\$ 17,073	\$ 22,511
Receipts:									
Local sources	2,206	1,050	19,611	-	24,652	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,206</u>	<u>1,050</u>	<u>19,611</u>	<u>-</u>	<u>24,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	395	10,392	-	-	27	2,896	8,284	15,232
Support services	-	985	-	60	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	529
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,380</u>	<u>10,392</u>	<u>60</u>	<u>-</u>	<u>27</u>	<u>2,896</u>	<u>8,284</u>	<u>15,761</u>
Excess (deficiency) of receipts over disbursements	<u>2,206</u>	<u>(330)</u>	<u>9,219</u>	<u>(60)</u>	<u>24,652</u>	<u>(27)</u>	<u>(2,896)</u>	<u>(8,284)</u>	<u>(15,761)</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>2,206</u>	<u>(330)</u>	<u>9,219</u>	<u>(60)</u>	<u>24,652</u>	<u>(27)</u>	<u>(2,896)</u>	<u>(8,284)</u>	<u>(15,761)</u>
Cash and investments - ending	<u>\$ 5,993</u>	<u>\$ 5,897</u>	<u>\$ 9,219</u>	<u>\$ -</u>	<u>\$ 24,652</u>	<u>\$ 1,946</u>	<u>\$ 3,512</u>	<u>\$ 8,789</u>	<u>\$ 6,750</u>

TRI-CREEK 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)

	Pepsi Marketing Rebate 2009-2010	Gifted/Talented High Ability 2007-2008	Gifted/Talented High Ability 2009-2010	Tech Prep State Grant 2009-2010	Common School Technology Advancement 2008-2009	Common School Technology Advancement 2009-2010	Gifted/Talented High Ability 2010-2011	Gifted/Talented High Ability 2011-2012	Non-English Speaking Program 2009-2010
Cash and investments - beginning	\$ 24,181	\$ 3	\$ 23,396	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 1,553
Receipts:									
Local sources	-	-	-	-	-	-	399	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	137,769	-	40,401	-	-
Federal sources	-	-	-	7,778	-	-	-	-	-
Interfund loans	-	-	-	-	-	816	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	7,778	137,769	816	40,800	-	-
Disbursements:									
Current:									
Instruction	5,954	-	23,396	-	25,050	-	25,900	-	-
Support services	-	3	-	1,688	98,107	816	-	-	1,553
Noninstructional services	364	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	6,091	14,613	-	-	-	-
Total disbursements	6,318	3	23,396	7,779	137,770	816	25,900	-	1,553
Excess (deficiency) of receipts over disbursements	(6,318)	(3)	(23,396)	(1)	(1)	-	14,900	-	(1,553)
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	(6,318)	(3)	(23,396)	(1)	(1)	-	14,900	-	(1,553)
Cash and investments - ending	\$ 17,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,900	\$ -	\$ -

TRI-CREEK 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)

	Non-English Speaking Program 2010-2011	School Technology 2007-2008	Access Indiana Linux Grant	Access Indiana 2007-2008	Title I Part A 2007-2008	Title I Part A 2009-2010	Title I Part A 2010-2011	Title I Part A 2011-2012	Title V Part A Innovative Programs 2008
Cash and investments - beginning	\$ -	\$ 90,668	\$ 5	\$ 1,176	\$ 15,000	\$ 90,209	\$ -	\$ -	\$ 115
Receipts:									
Local sources	-	-	-	-	-	138	15	-	-
Intermediate sources	-	47,842	-	-	-	-	-	-	-
State sources	6,592	4,357	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	17,396	289,057	-	-
Interfund loans	324	-	-	-	-	-	3,561	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,916	52,199	-	-	-	17,534	292,633	-	-
Disbursements:									
Current:									
Instruction	5,002	-	-	-	-	22,873	233,593	-	-
Support services	-	23,665	5	1,176	-	33,345	96,612	-	115
Noninstructional services	-	-	-	-	-	-	13,952	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	324	-	-	-	-	-	-	-	-
Total disbursements	5,326	23,665	5	1,176	-	56,218	344,157	-	115
Excess (deficiency) of receipts over disbursements	1,590	28,534	(5)	(1,176)	-	(38,684)	(51,524)	-	(115)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	51,525	-	-
Transfers out	-	-	-	-	-	(51,525)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(51,525)	51,525	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,590	28,534	(5)	(1,176)	-	(90,209)	1	-	(115)
Cash and investments - ending	\$ 1,590	\$ 119,202	\$ -	\$ -	\$ 15,000	\$ -	\$ 1	\$ -	\$ -

TRI-CREEK 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)

	Learn and Serve	IDEA	Title IV Drug Free Schools 2009-2010	Carl Perkins Grant 2009-2010	Carl Perkins Grant 2010-2011	Carl Perkins Grant 2011-2012	Small Learning Communities Grant 2010-2011	Small Learning Communities Grant 2011-2012	School to Work
Cash and investments - beginning	\$ -	\$ -	\$ 11,907	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	51	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	6,000	-	-	20,906	595	-	245,332	-	-
Interfund loans	148	-	-	-	11,890	-	111,602	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,148	-	-	20,906	12,485	-	356,985	-	-
Disbursements:									
Current:									
Instruction	2,571	-	11,907	9,703	12,278	-	5,483	-	-
Support services	-	-	-	-	-	-	205,922	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	148	-	-	11,203	207	-	145,580	-	-
Total disbursements	2,719	-	11,907	20,906	12,485	-	356,985	-	-
Excess (deficiency) of receipts over disbursements	3,429	-	(11,907)	-	-	-	-	-	-
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	3,429	-	(11,907)	-	-	-	-	-	-
Cash and investments - ending	\$ 3,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -

TRI-CREEK 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)

	Indiana Tech Prep Grant	Improving Teacher Quality 2009-2010	Improving Teacher Quality 2010-2011	Improving Teacher Quality 2008-2009	Title III, Language Instruction for LEP	USDA Wellness	SOS COPS Grant 2010-2011	SOS COPS Grant 2005-2010	COPS Federal Grant
Cash and investments - beginning	\$ -	\$ 43,593	\$ -	\$ 6,412	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	60	62	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	21,524	25,636	26,426	-	1	778,562	-	187,791	1
Interfund loans	25,506	16,980	7,895	-	5,779	-	-	-	92,816
Other	-	-	-	-	-	-	-	-	-
Total receipts	47,090	42,678	34,321	-	5,780	778,562	-	187,791	92,817
Disbursements:									
Current:									
Instruction	25,565	39,881	-	1,182	-	-	-	-	-
Support services	-	28,109	26,735	5,230	5,762	-	-	184,145	92,816
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	778,562	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	21,525	16,980	7,585	-	17	-	-	6,490	-
Total disbursements	47,090	84,970	34,320	6,412	5,779	778,562	-	190,635	92,816
Excess (deficiency) of receipts over disbursements	-	(42,292)	1	(6,412)	1	-	-	(2,844)	1
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	6,490	-
Transfers out	-	-	-	-	-	-	-	(3,646)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	2,844	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(42,292)	1	(6,412)	1	-	-	-	1
Cash and investments - ending	\$ -	\$ 1,301	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1

TRI-CREEK 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)

	Title I Grants to LEAs	Special Education Part B	Education Technology	Education Jobs	Energy Efficiency and Conservation Block Grant	Food Service Clearing	Textbook Rental Clearing	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 74,281	\$ 1	\$ -	\$ -	\$ -	\$ 48,015	\$ -	\$ 42,577	\$ 22,434,573
Receipts:									
Local sources	185	-	-	-	-	-	-	-	13,646,803
Intermediate sources	-	-	-	-	-	-	-	-	241,759
State sources	-	-	-	-	-	-	-	-	19,707,771
Federal sources	39,525	231,218	108,115	1,195	67,037	-	-	-	2,509,879
Interfund loans	-	177,630	-	5,957	67,037	-	-	-	7,532,922
Other	-	-	-	-	-	722,496	343,484	4,484,102	5,553,692
Total receipts	39,710	408,848	108,115	7,152	134,074	722,496	343,484	4,484,102	49,192,826
Disbursements:									
Current:									
Instruction	45,989	226,036	2,122	-	-	-	-	-	15,051,644
Support services	67,946	1,470	61,514	7,152	-	-	-	-	11,047,332
Noninstructional services	-	-	-	-	-	-	-	-	1,780,626
Facilities acquisition and construction	-	-	-	-	67,037	-	-	-	3,977,118
Debt services	-	-	-	-	-	-	-	-	8,583,947
Nonprogrammed charges	-	-	-	-	-	709,269	340,949	4,404,570	5,454,788
Interfund loans	-	181,343	44,418	-	67,037	-	-	-	7,532,922
Total disbursements	113,935	408,849	108,054	7,152	134,074	709,269	340,949	4,404,570	53,428,377
Excess (deficiency) of receipts over disbursements	(74,225)	(1)	61	-	-	13,227	2,535	79,532	(4,235,551)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	10,164
Sale of capital assets	-	-	-	-	-	-	-	-	31,939
Transfers in	-	-	-	-	-	-	-	-	1,126,275
Transfers out	-	-	(61)	-	-	-	-	-	(1,126,275)
Total other financing sources (uses)	-	-	(61)	-	-	-	-	-	42,103
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74,225)	(1)	-	-	-	13,227	2,535	79,532	(4,193,448)
Cash and investments - ending	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ 61,242	\$ 2,535	\$ 122,109	\$ 18,241,125

TRI-CREEK 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	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 9,267,265	\$ 44,562	\$ -	\$ -	\$ 5,282	\$ 1,867,369	\$ 1,443,807	\$ -	\$ 1,000,000	\$ 792,284
Receipts:										
Local sources	438,374	1,197,662	107,239	12,420,259	201,881	2,965,251	1,575,035	577,404	-	-
Intermediate sources	380,029	-	-	-	-	-	-	-	-	-
State sources	19,513,902	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	2,232,676	-	-	-	39,711	-	-	-	-	-
Other	3	-	-	-	-	20,631	2,745	-	-	-
Total receipts	22,564,984	1,197,662	107,239	12,420,259	241,592	2,985,882	1,577,780	577,404	-	-
Disbursements:										
Current:										
Instruction	13,977,250	-	-	-	-	-	-	-	-	-
Support services	5,915,940	-	-	-	-	1,819,044	1,842,000	6,838	-	118,633
Noninstructional services	45,988	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	872,330	-	-	-	-
Debt services	-	722,204	-	7,754,835	246,874	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	913,070	-	-	1,258,906	-	-	-	174,888	-	-
Total disbursements	20,852,248	722,204	-	9,013,741	246,874	2,691,374	1,842,000	181,726	-	118,633
Excess (deficiency) of receipts over disbursements	1,712,736	475,458	107,239	3,406,518	(5,282)	294,508	(264,220)	395,678	-	(118,633)
Other financing sources (uses):										
Proceeds of long-term debt	-	34,776	-	(10,164)	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	356	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	34,776	-	(10,164)	-	-	356	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,712,736	510,234	107,239	3,396,354	(5,282)	294,508	(263,864)	395,678	-	(118,633)
Cash and investments - ending	\$ 10,980,001	\$ 554,796	\$ 107,239	\$ 3,396,354	\$ -	\$ 2,161,877	\$ 1,179,943	\$ 395,678	\$ 1,000,000	\$ 673,651

TRI-CREEK 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)

	Post Retirement/ Severance Future Benefits	Construction	Elementary School Improvement	Middle School Construction	Common School Construction Loan	High School Construction	2006 GO Bonds	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 118,636	\$ 715,517	\$ 5,947	\$ 566,720	\$ -	\$ -	\$ 358,695	\$ 1,218,173	\$ 345,366
Receipts:									
Local sources	-	-	-	410,446	-	-	-	928,684	256,990
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	22,470	26,552
Federal sources	-	-	-	-	-	-	-	469,528	-
Interfund loans	191,249	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	191,249	-	-	410,446	-	-	-	1,420,682	283,542
Disbursements:									
Current:									
Instruction	-	-	-	228,028	-	-	-	-	-
Support services	5,071	167,587	-	2,234	-	-	-	-	387,122
Noninstructional services	-	-	-	-	-	-	-	1,249,028	-
Facilities acquisition and construction	-	205,949	1,958	190,517	-	-	43,718	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	5,071	373,536	1,958	420,779	-	-	43,718	1,249,028	387,122
Excess (deficiency) of receipts over disbursements	186,178	(373,536)	(1,958)	(10,333)	-	-	(43,718)	171,654	(103,580)
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	186,178	(373,536)	(1,958)	(10,333)	-	-	(43,718)	171,654	(103,580)
Cash and investments - ending	\$ 304,814	\$ 341,981	\$ 3,989	\$ 556,387	\$ -	\$ -	\$ 314,977	\$ 1,389,827	\$ 241,786

TRI-CREEK 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)

	Levy Excess	Arts in Education	Educational License Plates	Alternative Education	Safe Haven Grant 2007-2008	Tri-Kappa Grant	TC Foundation	BP Fabric of America Grant	BP Art Grant Lake Prairie
Cash and investments - beginning	\$ 44,431	\$ -	\$ 7,970	\$ 10,713	\$ 600	\$ 1,126	\$ -	\$ 600	\$ 72
Receipts:									
Local sources	-	-	-	-	-	-	500	-	-
Intermediate sources	-	-	844	-	-	-	-	-	-
State sources	-	-	-	11,765	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	844	11,765	-	-	500	-	-
Disbursements:									
Current:									
Instruction	-	-	-	2,368	-	-	500	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,368	-	-	500	-	-
Excess (deficiency) of receipts over disbursements	-	-	844	9,397	-	-	-	-	-
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	-	-	844	9,397	-	-	-	-	-
Cash and investments - ending	\$ 44,431	\$ -	\$ 8,814	\$ 20,110	\$ 600	\$ 1,126	\$ -	\$ 600	\$ 72

TRI-CREEK 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)

	Parking Tickets Revenue	Tri-Creek Education Foundation Grants	Foundation Donations	Lake County Drug Free Alliance	Pepsi Marketing Rebate 2010-2011	Pepsi Marketing Rebate 2005-2006	Pepsi Marketing Rebate 2006-2007	Pepsi Marketing Rebate 2007-2008	Pepsi Marketing Rebate 2008-2009
Cash and investments - beginning	\$ 5,993	\$ 5,897	\$ 9,219	\$ -	\$ 24,652	\$ 1,946	\$ 3,512	\$ 8,789	\$ 6,750
Receipts:									
Local sources	2,334	550	16,270	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,334	550	16,270	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	667	10,514	-	6,270	664	2,805	1,278	1,096
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	667	10,514	-	6,270	664	2,805	1,278	1,096
Excess (deficiency) of receipts over disbursements	2,334	(117)	5,756	-	(6,270)	(664)	(2,805)	(1,278)	(1,096)
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	2,334	(117)	5,756	-	(6,270)	(664)	(2,805)	(1,278)	(1,096)
Cash and investments - ending	\$ 8,327	\$ 5,780	\$ 14,975	\$ -	\$ 18,382	\$ 1,282	\$ 707	\$ 7,511	\$ 5,654

TRI-CREEK 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)

	Pepsi Marketing Rebate 2009-2010	Gifted/Talented High Ability 2007-2008	Gifted/Talented High Ability 2009-2010	Tech Prep State Grant 2009-2010	Common School Technology Advancement 2008-2009	Common School Technology Advancement 2009-2010	Gifted/Talented High Ability 2010-2011	Gifted/Talented High Ability 2011-2012	Non-English Speaking Program 2009-2010
Cash and investments - beginning	\$ 17,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,900	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	11	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	344,600	-	39,343	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	344,600	-	3,306	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	689,200	-	42,660	-
Disbursements:									
Current:									
Instruction	4,580	-	-	-	-	-	14,900	21,925	-
Support services	-	-	-	-	-	343,784	-	-	-
Noninstructional services	1,291	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	345,416	-	3,306	-
Total disbursements	5,871	-	-	-	-	689,200	14,900	25,231	-
Excess (deficiency) of receipts over disbursements	(5,871)	-	-	-	-	-	(14,900)	17,429	-
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	(5,871)	-	-	-	-	-	(14,900)	17,429	-
Cash and investments - ending	\$ 11,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,429	\$ -

TRI-CREEK 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 Program 2010-2011	School Technology 2007-2008	Access Indiana Linux Grant	Access Indiana 2007-2008	Title I Part A 2007-2008	Title I Part A 2009-2010	Title I Part A 2010-2011	Title I Part A 2011-2012	Title V Part A Innovative Programs 2008
Cash and investments - beginning	\$ 1,590	\$ 119,202	\$ -	\$ -	\$ 15,000	\$ -	\$ 1	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,061	39,008	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	14,520	179,078	-
Interfund loans	-	-	-	-	-	-	-	46,124	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,061	39,008	-	-	-	-	14,520	225,202	-
Disbursements:									
Current:									
Instruction	1,590	-	-	-	-	-	3,220	117,487	-
Support services	-	28,537	-	-	-	-	7,276	88,430	-
Noninstructional services	-	-	-	-	-	-	312	2,289	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	3,562	16,996	-
Total disbursements	1,590	28,537	-	-	-	-	14,370	225,202	-
Excess (deficiency) of receipts over disbursements	4,471	10,471	-	-	-	-	150	-	-
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	4,471	10,471	-	-	-	-	150	-	-
Cash and investments - ending	\$ 6,061	\$ 129,673	\$ -	\$ -	\$ 15,000	\$ -	\$ 151	\$ -	\$ -

TRI-CREEK 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)

	Learn and Serve	IDEA	Title IV Drug Free Schools 2009-2010	Carl Perkins Grant 2009-2010	Carl Perkins Grant 2010-2011	Carl Perkins Grant 2011-2012	Small Learning Communities Grant 2010-2011	Small Learning Communities Grant 2011-2012	School to Work
Cash and investments - beginning	\$ 3,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	60	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	69,874	1,836	-	27,757	2,866	51,599	59,103	7,693
Interfund loans	-	-	-	-	-	5,773	-	29,844	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	69,874	1,836	-	27,817	8,639	51,599	88,947	7,693
Disbursements:									
Current:									
Instruction	3,429	69,874	1,836	-	16,134	6,840	548	52,125	7,693
Support services	-	-	-	-	-	-	18,991	13,050	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	11,683	1,799	32,061	23,772	-
Total disbursements	3,429	69,874	1,836	-	27,817	8,639	51,600	88,947	7,693
Excess (deficiency) of receipts over disbursements	(3,429)	-	-	-	-	-	(1)	-	-
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	(3,429)	-	-	-	-	-	(1)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TRI-CREEK 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)

	Indiana Tech Prep Grant	Improving Teacher Quality 2009-2010	Improving Teacher Quality 2010-2011	Improving Teacher Quality 2008-2009	Title III, Language Instruction for LEP	USDA Wellness	SOS COPS Grant 2010-2011	SOS COPS Grant 2005-2010	COPS Federal Grant
Cash and investments - beginning	\$ -	\$ 1,301	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1
Receipts:									
Local sources	(60)	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	8,476	-	54,934	-	5,762	-	-	-	152,953
Interfund loans	-	-	608	-	-	-	35,303	-	19,856
Other	-	-	-	-	-	-	-	-	-
Total receipts	8,416	-	55,542	-	5,762	-	35,303	-	172,809
Disbursements:									
Current:									
Instruction	4,435	-	-	-	-	-	3,737	-	-
Support services	-	1,301	47,071	-	-	-	31,566	-	60,138
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	3,981	-	919	-	5,763	-	-	-	112,672
Total disbursements	8,416	1,301	47,990	-	5,763	-	35,303	-	172,810
Excess (deficiency) of receipts over disbursements	-	(1,301)	7,552	-	(1)	-	-	-	(1)
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	-	(1,301)	7,552	-	(1)	-	-	-	(1)
Cash and investments - ending	\$ -	\$ -	\$ 7,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TRI-CREEK 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)

	Title I Grants to LEAs	Special Education Part B	Education Technology	Education Jobs	Energy Efficiency and Conservation Block Grant	Food Service Clearing	Textbook Rental Clearing	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ 61,242	\$ 2,535	\$ 122,109	\$ 18,241,125
Receipts:									
Local sources	-	-	-	-	-	-	-	-	21,098,890
Intermediate sources	-	-	-	-	-	-	-	-	380,873
State sources	-	-	-	-	-	-	-	-	20,003,701
Federal sources	129	198,053	-	637,365	-	-	-	-	1,941,526
Interfund loans	-	-	-	387,945	-	-	-	-	3,336,995
Other	-	-	-	-	-	972,738	327,713	4,703,903	6,027,733
Total receipts	129	198,053	-	1,025,310	-	972,738	327,713	4,703,903	52,789,718
Disbursements:									
Current:									
Instruction	-	163,754	-	418,367	-	-	-	-	15,143,914
Support services	-	-	-	213,041	-	-	-	-	11,117,654
Noninstructional services	-	-	-	-	-	-	-	-	1,298,908
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,314,472
Debt services	-	-	-	-	-	-	-	-	8,723,913
Nonprogrammed charges	-	-	-	-	-	1,005,894	322,972	4,641,553	5,970,419
Interfund loans	-	34,299	-	393,902	-	-	-	-	3,336,995
Total disbursements	-	198,053	-	1,025,310	-	1,005,894	322,972	4,641,553	46,906,275
Excess (deficiency) of receipts over disbursements	129	-	-	-	-	(33,156)	4,741	62,350	5,883,443
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	24,612
Sale of capital assets	-	-	-	-	-	-	-	-	356
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	24,968
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	129	-	-	-	-	(33,156)	4,741	62,350	5,908,411
Cash and investments - ending	\$ 185	\$ -	\$ -	\$ -	\$ -	\$ 28,086	\$ 7,276	\$ 184,459	\$ 24,149,536

TR-CREEK SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Capital leases:			
Tri-Creek Middle School	\$ 41,555,000	\$ 2,812,294	Exempt Debt
Tri-Creek High School, 2009	815,000	20,054	Debt Service
Tri-Creek High School, 2003	4,025,000	173,075	Debt Service
Tri-Creek High School, 2002	22,720,000	2,806,847	Exempt Debt
Tri-Creek South Nichols/Three Creeks	905,000	627,125	Exempt Debt
Notes and loans payable	11,260,622	1,378,050	Exempt Debt
Bonds payable:			
General obligation bonds:			
2009 School Improvement	900,000	615,000	Debt Service
2005 Retirement	1,040,000	104,583	Exempt Retirement/Severance Bond Debt Service
2003 Retirement	760,000	135,623	Exempt Retirement/Severance Bond Debt Service
Total debt	<u>\$ 83,980,622</u>	<u>\$ 8,672,651</u>	

TRI-CREEK 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.

	Ending Balance
Other:	
Capital assets, not being depreciated:	
Land	\$ 1,351,522
Buildings and Improvements other than buildings	145,642,411
Machinery and equipment	17,613,031
Total capital assets not being depreciated	\$ 164,606,964

TRI-CREEK SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**COMPENSATION, CELL PHONES, AND AUTO ALLOWANCE**

The Superintendent and the Business Manager received monthly auto allowances of \$500 and \$250 per month, respectively. Payments for the auto allowances were made by vendor checks and not processed through the payroll system. The School Corporation did not have an accountable mileage reimbursement plan for this purpose. Documentation of business miles is not provided or requested. In addition, several officials received a stipend to offset their cost for mobile devices. This stipend was also processed as a vendor claim, without supporting documentation.

Since these payments circumvented the payroll system, and were not part of an accountable plan, payroll taxes, both employee and employer, were not assessed or collected. Officials should contact the Internal Revenue Service, for advice to correct this situation for 2011 and 2012.

*Additional Compensation*

Administrators and teachers received additional compensation under the Fund for the Improvement of Education grants to attend various meetings in 2010-2011 and 2011-2012, which was not included in their contracts.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**CLASSIFIED EMPLOYEES – NOT PERF ELIGIBLE AFTER JUNE 30, 2011**

The School Board adopted Resolution 2011-09, on June 23, 2011. This resolution specifically listed a particular group of employees that will no longer be covered by Public Employees Retirement Fund (PERF) as of July 1, 2011. These employees were employees that were new to Tri-Creek School Corporation, full-time non-teaching personnel hired after July 1, 2011. These employees were to be covered by a supplemental retirement program, and contribute 3 percent of their annual salary. The School Corporation would contribute 4 percent of the employees' salary to the plan. Documentation was not presented for audit to substantiate that officials had provided written notice to the PERF board regarding the change in covered employees to properly withdraw this class of employees from PERF.

Indiana Code 5-10.3-6-8 states in part:

"(a) As used in this section, 'withdrawing political subdivision' means a political subdivision that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a political subdivision may do the following: . . .

(2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the fund. . . .

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

(c) The withdrawal of a political subdivision's participation in the fund is effective on a termination date established by the board. The termination date may not occur before all of the following have occurred:

(1) The withdrawing political subdivision has provided written notice of the following to the board:

(A) The withdrawing political subdivision's intent to cease participation.

(B) The names of the withdrawing political subdivision's current employees and former employees as of the date on which the notice is provided.

(2) The expiration of:

(A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing political subdivision that sells all of the withdrawing political subdivision's assets or that ceases to exist as a political subdivision; or

(B) a two (2) year period following the filing of the notice with the board, for all other withdrawing political subdivisions.

(3) The withdrawing political subdivision takes all actions required in subsections (d) through (h).

(d) With respect to retired members who have creditable service with the withdrawing political subdivision, the withdrawing political subdivision must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(e) A member who is an employee of the political subdivision as of the date of the notice under subsection (c) is vested in the pension portion of the member's retirement benefit. The withdrawing political subdivision must contribute to the fund the amount the board determines is necessary to fund fully the vested benefit. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(f) A member who is covered by subsection (e) and who is at least sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even if the member has fewer than ten (10) years of service. The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of service.

(g) With respect to members of the fund who have creditable service with the withdrawing political subdivision and who are not employees as of the date of the notice under subsection (c), the withdrawing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

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

(h) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny a political subdivision permission to withdraw if the denial is necessary to achieve compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. . . ."

**INCORRECT REPORTING OF AVERAGE DAILY MEMBERSHIP AND ACADEMIC HONORS DIPLOMAS**

The number of Academic Honors Diplomas (AHD) awarded for Lowell High School was inaccurately reported to the Indiana Department of Education. The average daily membership (ADM) for the school year ended June 30, 2011, was inaccurately reported to the Indiana Department of Education. The reporting differences are noted as follows:

School Year	Description	Count reported on Form 30A	Actual Enrollment	Difference
2010-2011 for Class of 2010	Academic Honors Diploma	45	47	2
2011-2012 for Class of 2011	Academic Honors Diploma	49	73	24
2010-2011	Average Daily Membership	3,555.50	3,557.50	2

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**DISBURSEMENTS IN EXCESS OF APPROPRIATIONS**

Disbursements for the following funds exceeded appropriations for the year ended December 31, 2011:

Fund	Appropriation	Disbursements	Excess of Disbursements Over Appropriations
Exempt Debt	\$ 7,785,253	\$ 7,841,714	\$ 56,461
Exempt Retirement/Severance Bond			
Debt Service	237,729	244,928	7,199
Capital Projects	2,059,566	2,086,160	26,594
School Bus Replacement	479,814	708,477	228,663

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

While estimates of expenditures (Budget Form 1) are detailed by expenditure accounts within each program, appropriations (Budget Form 4) are made in total by programs and by funds. Disbursements from any program during the budget year are limited to the total amount appropriated for that program area unless additional appropriations are requested and approved. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

***SCHOOL LUNCH - DISBURSEMENT WITHOUT SUPPORTING DOCUMENTATION***

The School Lunch fund reimbursed the School Corporation \$300,000 on January 5, 2011, for their share of the new Middle School kitchen equipment. The School Corporation billed School Lunch for this disbursement; however, detailed supporting documentation itemizing the equipment purchased was not provided for audit. The School Corporation posted the reimbursement to the Middle School Construction Fund (Fund No. 72). The Tri-Creek Middle School Building Corporation provided the majority of the funding for the construction of the new Middle School. The School Corporation did not provide documentation that the School Corporation, rather than the Tri-Creek Middle School Building Corporation, purchased the kitchen equipment.

The last inventory of School Lunch equipment was completed in January 2010 and did not include the new Middle School. The lists of equipment available did not include purchase dates and costs.

Form SF-6, Equipment Inventory, shall be used to take a complete physical inventory in each school of all equipment on hand at the close of each school year. A copy of this annual inventory shall be kept on file in the office with the school food service records. (The School Administrator and Uniform Compliance Guidelines Manual, June, 2011, Volume 194, page 3)

All claims, invoices, receipts, and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***SCHOOL LUNCH PREPAID FOOD FUND***

School Lunch officials did not maintain "Prepaid Food" balances on account in a separate fund. Prepaid Food fund activity was comingled with the School Lunch fund. Students were allowed to deposit money on account (Prepaid food) in advance of purchasing meals. The "Meal Time" software tracked the purchases and uses of prepaid food on account on an individual student basis. Officials did not have a policy to write off old inactive accounts of students that are no longer in school.

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

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized forms will be required to be maintained in the following manner to accurately account for prepaid items.

A column titled "Prepaid Food" is added to the Daily Record of Cash Received, Form SF-2, for recording prepaid amounts received which have not been identified as to revenue type, i.e., lunch, breakfast, etc. Amounts will be entered both in "Prepaid Food" and "Total Cash Received" for each day because cash has been received.

Another column "Prepaid Food Applied" is also added to Form SF-2, which will show periodic (and monthly) activity whenever prepaid meals are identified (charged to breakfast, lunch, etc.). Amounts in "Prepaid Food Applied" should at all times equal for each day, the amounts charged to various categories, i.e., student lunch, adult breakfast, etc. that were not paid for in cash. Amounts will not be added to "Total Cash Received" because cash has been previously entered and recognized in "Prepaid Food." You are merely transferring "Prepaid Food" to the applicable categories.

The final column added to SF-2 is "Prepaid Food Trust," which is the running balance column which shows the difference between "Prepaid Food" and "Prepaid Food Applied." The amounts in "Prepaid Food Trust" are deducted from the "Balance" column in SF-3 Form, School Food Service Cash Disbursements which then should equal the amount in the new SF-3 Column "Available Cash Balance." Amounts are not entered in "Total Cash Received" because "Prepaid Food Trust" is merely a balance column. Computerized systems should provide a list, by student, of cash balances which should sum to the "Prepaid Food Trust."

The Ledger of Receipt, Disbursement and Balances, SF-4 Form should also show appropriate columns for those transactions. (The School Administrator and Uniform Compliance Guidelines Manual, September, 2008, Volume 183, page 3)

***PRESCRIBED FORMS (Lowell High School)***

Lowell High School did not use the prescribed or approved forms in the manner prescribed as required by the State Board of Accounts. The following was a list of concerns:

1. The Extra-Curricular (ECA) Treasurer or the sponsor did not use the Summary Collection Form (SA-8) which includes the signatures of both the sponsor/teacher and the ECA Treasurer, and includes the composition of the collection. Instead the sponsor/teacher prepared a list of student payments and forwarded the list to the ECA Treasurer in order to track the collections. Since the SA-8 was not in use, the controls over the receipting for fundraisers, fieldtrips, and other events that were collected by sponsors and remitted to the ECA treasurer were insufficient.
2. A generic hand written receipt book was used to provide receipts to the students who paid sponsors/teachers for fundraisers, fieldtrips, and other events. These generic receipts were also prepared individually and used instead of pre-numbered tickets for the admission to various school functions.

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

3. Ticket Sales Form (SA-4) and pre-numbered tickets were not used to account for admissions to school functions such as dances and dinners.
4. The athletic department did not use the Ticket Sales Form SA-4 in the prescribed manner. The tickets retained for audit did not agree to the SA-4's. During a game, several gates collected admission fees and issued tickets. Tickets from all of the gates were comingled together. Therefore, we were unable to reconcile each gate's SA-4 to that gate's ticket stubs. In addition, free or reduced price tickets were not listed on the SA-4. Because of these procedures, we could not verify the accountability of gate receipts.

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)

Summary Collection Form (SA-8) is pre-numbered and to be prepared in duplicate by the sponsor. The original is to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor.

A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the pre-numbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be pre-numbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

***CONTROLS OVER TEXTBOOK RENTAL RECEIPTS (All Schools)***

Textbook rental receipts were generated from the Harmony Software system for all the individual schools. The textbook rental software had the capability of issuing duplicate receipt numbers for more than one transaction. For example, we noted two separate incidences where the same receipt number was issued twice. These two receipts were issued to two different students on different dates, and for different amounts. Reusing the same receipt number interferes significantly with the accountability controls over receipts. A similar comment occurred in the previous audit.

The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely. Procedures must also exist to assure that only authorized individuals have access to computer generated output. All receipts or payments generated by the accounting system must include unique document identification numbers either preprinted on the form or printed on the form by the application system. If the numbers are printed on the form by the application system, adequate security must be implemented to prevent unauthorized modification of the number sequence. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 8)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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-CREEK SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the Tri-Creek 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.

As described in items 2012-1, 2012-2, 2012-3, 2012-4, and 2012-5 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs, Period of Availability, Procurement and Suspension and Disbarment, Cash Management, Level of Effort, and Equipment Management that are applicable to its Public Safety Partnership and Community Policing Grants. As described in items 2012-5 and 2012-8 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management, and Allowable Costs that are applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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 other major federal programs for the period of July 1, 2010 to June 30, 2012.

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)

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 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 2012-1, 2012-2, 2012-3, 2012-4, 2012-5, 2012-8, and 2012-10 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-6, 2012-7, and 2012-9 to be significant deficiencies.

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

TR-CREEK 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
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 10-11 FY 11-12	\$ 54,763 -	\$ - 62,507
Total for program			54,763	62,507
National School Lunch Program	10.555	FY 10-11 FY 11-12	465,320 -	- 531,073
Total for program			465,320	531,073
Total for cluster			520,083	593,580
Child and Adult Care Food Program	10.558	FY 11-12	-	1,486
Total for federal grantor agency			520,083	595,066
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Town of Lowell				
Public Safety Partnership and Community Policing Grants				
Secure Our Schools	16.710	2005CKWX0532 2010CKWX0761	187,791 -	- 152,953
Total for program			187,791	152,953
<u>U.S. DEPARTMENT OF ENERGY</u>				
Pass-Through Town of Lowell				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		67,037	-
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	10-4645 11-4645 12-4645	17,396 289,056 -	- 14,520 179,078
Total for program			306,452	193,598
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-4645	39,525	-
Total for cluster			345,977	193,598
Special Education Cluster				
Special Education - Grants to States	84.027		-	69,874
Pass-Through Northwest Indiana Special Education Cooperative (NWISEC)				
ARRA - Special Education Grants to States, Recovery Act	84.391		231,218	198,053
Total for cluster			231,218	267,927

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

TR-CREEK SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012  
(Continued)

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
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Pass-Through Hanover Community School Corporation				
Career and Technical Education - Basic Grants to States	84.048	FY 09-10	20,906	-
		FY 10-11	595	27,757
		FY 11-12	-	2,866
Pass-Through Indiana Department of Education				
Career and Technical Education - Basic Grants to States			7,778	-
Total for program			29,279	30,623
Safe and Drug-Free Schools and Communities - State Grants	84.186		-	1,836
Pass-Through Lakeshore Alliance for Student Success, Inc. (LASS)				
Fund for the Improvement of Education	84.215 L			
Smaller Learning Communities Program		FY 10-11	245,331	51,599
		FY 11-12	-	59,102
Total for program			245,331	110,701
Pass-Through Indiana Department of Education				
Tech-Prep Education	84.243		21,524	8,476
Pass-Through Hanover Community School Corporation				
Tech-Prep Education			-	7,693
Total for program			21,524	16,169
Pass-Through Indiana Department of Education				
English Language Acquisition State Grants	84.365	FY 10-11	-	5,763
Improving Teacher Quality State Grants	84.367	10-4645	25,636	-
		11-4645	26,423	54,934
Total for program			52,059	54,934
Pass-Through Merrillville Community School Corporation				
Education Technology State Grants Cluster				
ARRA - Education Technology State Grants				
Recovery Act Enhancing Education Through Technology	84.386		108,115	-
Total for cluster			108,115	-
Pass-Through Indiana Department of Education				
Education Jobs Fund	84.410		1,195	637,365
Total for federal grantor agency			1,034,698	1,318,916
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs	94.004			
Learn and Serve Indiana			6,000	-
Total federal awards expended			\$ 1,815,609	\$ 2,066,935

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

TRI-CREEK 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-Creek 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	June 30, 2011	June 30, 2012
School Breakfast Program	10.553	\$ 8,934	\$ 11,532
National School Lunch Program	10.555	77,355	94,964

TRI-CREEK 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified, except for Public Safety Partnership and Community Policing Grants and Special Education Cluster, which are Qualified
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
16.710	Child Nutrition Cluster Public Safety Partnership and Community Policing Grants Title I, Part A Cluster
84.215L	Special Education Cluster Fund for the Improvement of Education
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee?	no
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**Section II – Financial Statement Findings**

No matters are reportable.

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

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2012-1, ALLOWABLE COST, PERIOD OF AVAILABILITY**

Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants  
CFDA Numbers: 16.710  
Award Number: #2005CKWX0532

The School Corporation did not have controls in place to monitor and approve federal expenditures to ensure that expenditures were allowable under the grant agreement. The grant agreement was specific as to what expenditures were allowed for grant number #2005CKWX0532. The grant was originally to be used for the purchase and installation of security equipment at the High School, but the grant budget was not approved until after the purchases for the High School were made and installed. A request was then made for an extension and a revision to the expenditures. The U.S. Department of Justice sent a letter stating: "Your proposal, to install the awarded equipment in the Tri-Creek School Corporation's new middle school, has been approved."

The School Corporation used \$3,002.50 of the federal funds in the year ending June 30, 2011, to pay for additional safety equipment and installation at the high school, which was not approved by the U.S. Department of Justice. In addition, the new middle school security system was purchased by the Tri-Creek Middle School Building Corporation and not by the School Corporation, even though the School Corporation received reimbursement of \$184,788.32 for these "expenditures."

Grant reimbursements of \$187,790.72 were recorded in the Secure Our School (SOS) COPS grant fund. The School Corporation subsequently transferred \$186,075.82 out of the SOS COPS grant fund to the Middle School Construction Fund. The Middle School Construction Fund had expenditures for furniture, athletic equipment, and payroll related expenses totaling \$2,001,620. We consider the \$187,790.82 reimbursement to be a questioned cost. We did not find supporting documentation that indicated that the School Corporation actually purchased the security equipment for which they were reimbursed.

Failure to adhere to allowable cost compliance requirements may cause the School Corporation to be determined to be ineligible for future federal funding.

Since the School Corporation had not paid for the security expenditures for the grant we could not determine if the School Corporation had complied with the period of availability.

28 CFR § 66.20 (b) states in part:

"(5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

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."

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

28 CFR § 66.23 Period of availability of funds states:

(a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

We recommended that the School Corporation establish controls to ensure only allowable and properly documented disbursements are claimed for reimbursement during the period of availability.

***FINDING 2012-2, PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agencies: U.S. Department of Justice, U.S. Department of Education

Pass-Through Agencies: Town of Lowell, Lakeshore Alliance for Student Success (LASS), Indiana Department of Education

Federal Programs: Public Safety Partnership and Community Policing Grants, Fund for the Improvement of Education, and Special Education - Grants to the States

CFDA Numbers: 16.710, 84.215L, 84.027

Award Numbers: 2005CKWX0532, 2010CKWX0761, FY 2010-11, FY 2011-12

*Procurement - Public Safety Partnership And Community Policing Grants*

The School Corporation did not have controls in place to maintain the records documenting the procurement processes and controls to review project costs for proper procurement procedures. The School Corporation was awarded two separate grants for security technology for the schools. The first grant was to be used for the new middle school for the installation of cameras and equipment for security purposes. The proposed project exceeded \$500,000 and sealed bids were obtained. The School Corporation was unable to locate the bids for the project for review.

The second grant was for additional security cameras at the high school and middle school. It was also to be used to install security cameras at all of the elementary schools, the warehouse, the administration office and to replace the Digital Video Recorder (DVR). The total of all the quotes for this project was \$256,392. The School Corporation did not obtain sealed bids but requested separate quotes for the installation at each location. One of the vendors was allowed to make adjustments to their quote. This vendor had the lowest quote for all six locations and was awarded the project. The total amount received by this vendor for the project was \$231,980. Sealed bids were not obtained and the project was not approved by the School Board. A contract for this vendor could not be located.

Because the School Corporation did not follow proper procurement procedures, we could not determine if the School Corporation received the best price for the security equipment in the manner required by Indiana Code.

28 CFR § 66.36 (d) states in part:

"(1) Procurement by small purchase procedures. Small purchases procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchases procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

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

(2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material items and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the condition in 66.36(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible the following conditions should be present:

- (A) A complete, adequate, and realistic specification or purchase description is available.
- (B) Two or more responsible bidders are willing and able to compete effectively and for the business; and
- (C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price."

28 CFR § 66.36 (b) (9) states:

" Grantees and subgrantees will maintain records sufficient to detail the significant history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

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."

We recommended that the School Corporation establish internal controls to ensure that they follow applicable state statutes when making purchases that require adherence to the Public Purchasing law. We recommended that the School Corporation retain documentation as required by statute.

*Suspension and Debarment-Public Safety Partnership and Community Policing Grants, Fund for the Improvement of Education, and Special Education -Grants to the States.*

The School Corporation does not have controls in place to verify that vendors are not suspended or debarred. Officials did not provide documentation that demonstrated that the vendors were not suspended or debarred.

28 CFR § 66.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

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

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."

We recommended that the School Corporation design and implement controls to prevent the potential of a disbarred or suspended vendor from being paid from federal funds.

***FINDING 2012-3, CASH MANAGEMENT***

Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants  
CFDA Number: 16.710  
Award Numbers: 2005CKWX0532, 2010CKWX0761

The School Corporation did not have controls in place to monitor the grant reimbursement requests to ensure that only expenditures paid directly by the School Corporation were reimbursed, and that such expenditures were incurred and/or paid prior to requesting the reimbursement. By not establishing such controls, the School Corporation claimed and received reimbursement of expenditures which either were not incurred and/or paid prior to the date of claiming the reimbursement. Furthermore, the School Corporation received reimbursement on expenditures which were not paid for with School Corporation funds.

The 2005CKWX0532 grant was to pay for the security system in the new middle school. The Tri-Creek Middle School Building Corporation paid \$501,750.80 for the security system of the new middle school out of bond proceeds. The School Corporation requested reimbursement of \$250,875.40 and was subsequently reimbursed \$184,788.32 for the security system at the new middle school. The School Corporation also received reimbursement of \$3,002.50 for expenses related to the high school. These funds were deposited into the SOS COPS Grant Fund. On October 1, 2010 \$186,075.82 was transferred to the Middle School Construction Fund from the SOS COPS Grant Fund. However, we were unable to determine if the School Corporation paid for the expenditures for which they were reimbursed.

The 2010CKWX0761 grant was to pay for the purchase of security cameras and installation at various locations in the school district. The School Corporation requested reimbursement for the expenses on May 11, 2011. Six of the reimbursements totaling \$183,105.57 were requested prior to the expense being incurred or paid. Reimbursement for these expenditures was received on September 15, 2011, only \$101,175.57 had been disbursed out prior to receiving the reimbursement. The School Corporation disbursed the remaining \$81,930 of the reimbursement from October 27, 2011 to December 14, 2011, which was one to three months after receiving the reimbursement.

All money received under the Public Safety Partnership and Community Policing Grants was recorded in the SOS-COPS Grant fund, but some of the expenditures that were reimbursed were disbursed from Capital Projects fund and 2006 GO Bonds fund. In addition, some expenditures were disbursed from the grant fund that were not reimbursed. To allow for proper accountability over the federal grant funds, disbursements for the related activities and subsequent reimbursements should be accounted for in SOS-COPS Grant fund. Failure to establish proper controls for maintaining records that trace the source (receipts) and application (disbursements) of each grant individually has affected the School Corporation's ability to provide transparency for federal awards, and affected their ability to provide an accurate reimbursement request to the pass-through agency.

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

28 CFR 66.21 states in part:

"(b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.

(c) Advances. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

(d) Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

31 CFR 205.12(b) states in part:

"We and a State may base our agreement on the sample funding techniques listed in paragraphs (b)(1) through (b)(5) of this section, or any other technique upon which both parties agree . . .

(5) Reimbursable funding means that a Federal Program Agency transfers funds to a State after that State has already paid out the funds for Federal assistance program purposes."

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."

We recommended that the School Corporation establish controls over claims for reimbursement of federal funds. Such controls such include ensuring that only expenditures paid directly by the School Corporation are claimed for reimbursement.

***FINDING 2012-4, LEVEL OF EFFORT/SUPPLANTING***

Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants  
CFDA Number: 16.710  
Award Number: 2005CKWX0532

The School Corporation did not comply with the nonsupplanting/level of effort compliance requirement of the grant. The School Corporation did not establish controls to ensure grant funds would only be used for activities approved by the grant, and that such funds would not be used to replace other funding.

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

The security system for the new middle school was budgeted in the construction project and was paid by the Tri-Creek Middle School Building Corporation with the bond proceeds. While the grant reimbursements were receipted to the SOS-COPS Grant fund, amounts received were subsequently transferred to other school funds to be used for non-grant related activities.

Thus, the School Corporation used the grant proceeds to supplant other funding not used for the intended purpose of the grant, which was the purchase and installation of security equipment at the middle school.

When grant funds are not used as intended by the grant agreement, the School Corporation risks having current and future funding cut or eliminated.

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."

28 CFR § 66.24 (a) states in part:

"*Basic rule: Costs and contributions acceptable.* With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

- (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties."

A letter from the U.S. Department of Justice dated September 15, 2005 states in part: "The nonsupplanting requirement of the COPS statute, which applies to all COPS grantees, states that COPS funds may not be used to supplant (replace local funding which otherwise would have been spent on law enforcement purposes). The Violent Crime Control and Law Enforcement Act of 1994, under which all COPS grants are made, provides that "funds made available to units of local government shall not be used to supplant State or local funds... but shall be used to increase the amount of funds that would, in the absence of Federal funds received under this subchapter, be made available from State or local sources. . . ." 42 U.S.C. § 3796dd-3(a). Therefore, equipment/technology purchased under a COPS grant must be *in addition to*, not instead of, the normal and planned purchasing by a police department.

We recommended that School Corporation Officials establish controls to ensure that only purchases made directly by the School Corporation are claimed for reimbursement. That such items comply with the grant application intent.

**FINDING 2012-5, EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agencies: U.S. Department of Justice, U.S. Department of Education  
Pass-Through Agencies: Town of Lowell, Indiana Department of Education  
Federal Programs: Public Safety Partnership and Community Policing Grants,  
Special Education - Grants to the States  
CFDA Numbers: 16.710, 84.027  
Award Numbers: 2005CKWX0532, 2010CKWX0761, FY 2011-2012

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

*Public Safety Partnership and Community Policing Grants*

The School Corporation did not have controls in place to verify that the equipment purchased with grant funds was recorded properly in the capital asset ledgers/inventory list. A review of the capital asset listing provided for the period ending June 30, 2011, did not include the percentage of federal participation in the cost of the property and the date of ultimate disposition data as required by federal compliance requirements.

*Special Education Grants to the States*

The Special Education Director of the School Corporation provided a spreadsheet which documented the serial number, the school tag, and location. The spreadsheet did not include the date of acquisition, the cost of the equipment, and the percentage of Federal participation for the cost of the items. The spreadsheet did not state the use or condition of the property. The teachers and principals are responsible for documenting and verifying each item in their room and school at the beginning and end of each school year.

The School Corporation was unable to provide documentation the teachers and/or principals verified the inventory items in their room and school for the school year beginning and ending in 2012. Previous control procedures that were established to safeguard the School Corporation's items were no longer being used. Oversight of the procedure had lapsed and the schools no longer maintained the documentation of the equipment checks. It was revealed that four interactive Smartboards purchased for the High School, Three Creeks Elementary, Oak Hill Elementary, and Lake Prairie Elementary were still in storage in the backroom at Corporate Office January 9, 2013. These Smartboards were purchased with funds from the Special Education Grant on November 14, 2011, for a total of \$4,556.00 and never installed in the schools.

Title 28 CFR 66.32 and Title 34 CFR 80.32 state in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

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

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."

We recommended that the School Corporation have controls in place to insure that the equipment compliance requirement is met.

***FINDING 2012-6, CONTROLS OVER ALLOWABLE COSTS -  
FUND FOR THE IMPROVEMENT OF EDUCATION***

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Lakeshore Alliance for Student Success  
Federal Program: Fund for the Improvement of Education  
CFDA Number: 84.215L

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties related to allowable costs compliance requirements. One person was responsible for submitting the claims for reimbursement to the pass-through agency for the expenditures for the Fund for the Improvement of Education grant programs. Although there are procedures in place to approve payroll and other expenditures, there was not a procedure in place to review and approve the Fund for the Improvement of Education program reimbursements before submission to the pass-through agency. In addition, not all of the copies of the claims for reimbursement and the required documentation supporting the expenditure of the amounts requested were maintained in the grant files.

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 and compliance requirements 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 an effective internal control system places the School Corporation at risk that noncompliance with the grant agreement and the compliance requirements could go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect on 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 in the oversight, review and approval of program expenditures and reimbursements, related to the grant agreement and the allowable cost requirements that have a direct and material effect on the program.

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

***FINDING 2012-7, CONTROLS OVER CASH MANAGEMENT -  
FUND FOR THE IMPROVEMENT OF EDUCATION***

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Lakeshore Alliance for Student Success  
Federal Program: Fund for the Improvement of Education  
CFDA Number: 84.215L

Management of the School Corporation has not established an effective internal control system, over the cash management compliance requirement. All money received under the Fund for the Improvement of Education Grant was recorded in the Smaller Learning Communities Grant Fund, but some of the expenditures that were reimbursed were disbursed from the General Fund. In addition, there were some expenditures disbursed from the grant fund that were not reimbursed. To allow for proper accountability over the Fund for the Improvement of Education Grant funds, disbursements for the related activities and subsequent reimbursements should be accounted for in the Smaller Learning Communities Grant Fund. Failure to establish proper controls for maintaining records that trace the source (receipts) and application (disbursements) of each grant individually has affected the School Corporation's ability to provide transparency for federal awards, and affected their ability to provide an accurate reimbursement request to the pass-through agency.

The failure to establish an effective internal control system places the School Corporation at risk that noncompliance with the grant agreement and the compliance requirements could go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

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."

We recommended that the School Corporation's management establish controls, including segregation of duties in the oversight, review and approval of program expenditures and reimbursements, related to the grant agreement and the cash management requirements that have a direct and material effect on the program.

***FINDING 2012-8, ALLOWABLE COSTS, ARRA - SPECIAL  
EDUCATION GRANTS TO STATES, RECOVERY ACT***

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Northwest Indiana Special Education Cooperative  
Federal Program: ARRA - Special Education Grants to States, Recovery Act  
CFDA Number: 84.391  
Award Numbers: FY 2010/2011 and FY 2011/2012

The Tri-Creek School Corporation did not provide "Semi-Annual Certification" or Time and Effort" records for employees paid with ARRA Special Education grant funds. The "Semi-Annual Certification" form is to be completed every six months for any employee who is paid solely with federal funds from a single cost objective. The certifications must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee. An employee who works on multiple cost objectives must maintain a "Time and Effort" log to document time worked on each objective.

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

Management of the Tri-Creek School Corporation also has not established an effective internal control system, which includes segregation of duties, related to the ARRA - Special Education Grant administration and compliance with grant requirements. This has a direct and material effect to the program. Compliance attributes affected includes the activities allowed or unallowed and allowable costs for the grants. Failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and compliance requirements. Lack of segregation of duties within an internal control system could also 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 compliance requirement of the 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-87, Attachment B, paragraph 8h, (3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

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 2012-9, SCHOOL LUNCH MANAGEMENT CONTROLS - ALLOWABLE COSTS, ELIGIBILITY, REPORTING, SPECIAL TESTS AND PROVISIONS***

Federal Agency: U.S. Department of Agriculture  
Pass-Through Agency: Indiana Department of Education  
Federal Program: School Breakfast Program and National School Lunch Program  
CFDA Numbers: 10.553 and 10.555  
Award Numbers: FY 10-11; FY 11-12

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

The School Lunch program at Tri-Creek School Corporation operates as an extra-curricular fund. The School Corporation's Management (Management) (including the School Board, Superintendent, Corporation Treasurer and Business Manager) have entrusted all operations of the program to experienced and knowledgeable personnel. The Food Service Director and the Food Service Treasurer both have numerous years of experience and regularly attend training in School Lunch accounting and compliance requirements. Management did not provide documentation demonstrating managements monitoring or oversight responsibility over allowable costs, eligibility, reporting, and special tests and provisions (verification and school food accounts).

*Allowable Costs:*

The Food Service Director and the Food Service Treasurer both approve and sign all of the School Lunch claims for food purchases and supplies. However, Management did not approve any expenditures (other than payroll) made from the School Lunch program. Non-payroll School Lunch claims are not included on the School Corporations' claim docket to be signed by the School Board. Non-payroll claims for FY 10/11 and 11/12 were \$1,019,483 and \$697,371, respectively (68 percent and 56 percent, of all School Lunch expenditures).

The Food Service Director and Food Service Treasurer, review the "Meal Time" reports from each of the five schools and prepare the monthly claim for reimbursement. This monthly report is the sole source used to request reimbursement for the number of free and reduced breakfast and lunch meals served. Management does not directly monitor or review the claim for reimbursement prior to submission to the Indiana Department of Education. Reimbursements totaled \$433,794 and \$487,084 for fiscal years ended June 30, 2011, and June 30, 2012, respectively.

*Eligibility:*

The Food Service Director and Food Service Treasurer, review the "Free and Reduced Lunch Applications," direct state certification, and monitor the monthly lists of eligible students. Management does not monitor the application and certification process.

*Reporting:*

The Food Service Director sends monthly and annual financial reports to the Corporation Treasurer and Business Manager for review. However, evidence documenting Management's review and monitoring of the School Lunch financial activity was not available for audit.

*Special Tests and Provisions, Verification:*

The Food Service Director and Food Service Treasurer, review the "free and reduced lunch applications," direct certification, and verify the required 3 percent of applications for state compliance. Management did not review the verification process or final verification report.

*Special Tests and Provisions, School Food Accounts:*

The Food Service Director sends monthly, and semiannual financial reports to the Corporation Treasurer and Business Manager for review. The semiannual financial reports are used by Management, the School Corporation Treasurer, to prepare the form 9. The form 9 information is the reported financial statement activity for the School Lunch Fund. Documentation indicating Management's review of the information was not available for audit.

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

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.

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."

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 2012-10, INTERNAL CONTROL OVER COMPLIANCE - TITLE I  
(ALLOWABLE COSTS, CASH MANAGEMENT, AND REPORTING)***

Federal Agency: U.S. Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Numbers: 84.010 and 84.389

Pass-Through Entity: Indiana Department of Education

Award Numbers: 10-4645, 11-4645, and 12-4645

The Management of the Tri-Creek School Corporation has not established an effective internal control system, which would include segregation of duties, related to grant administration and compliance requirements that have a direct and material effect to the Title I programs. This includes the following compliance requirements; allowable costs, cash management, and reporting. The School Corporation Treasurer prepared the semi-monthly Title I Reimbursement Form, monitored the Title I funds cash balances, and prepared and submitted quarterly, interim, and final Title I financial reports. Evidence to document the review and approval of these reports by other School Corporation management or Title I officials was not presented for audit. The Title I program director did not sign/approve these claims. Although any specific noncompliance with the compliance requirements listed above was not noted, management's placing of responsibility solely in one person, does not foster effective internal controls. As such, failure to establish an effective internal control system places the School Corporation at risk of noncompliance. A lack of segregation of duties within an internal control system could also allow the misuse and mismanagement of federal funds.

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.

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.

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

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."

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2010-2, INTERNAL CONTROL OVER TITLE I REPORTING**

Federal Agency: US Department of Education  
Federal Program: Title I, Grants to Local Educational Agencies, ARRA – Title I Grants  
CFDA Number: 84.010, 84.3889  
Federal Award No. 08-4645, 09-4645, 10-4645  
Pass-Through Entity: Indiana Department of Education  
Auditee Contact Person: Sandra Goss  
Title of Contact Person: Coordinator of Fiscal Services  
Phone Number: 219 750 1283

Status of action taken to correct finding:

The Finance Department of Tri-Creek School Corporation has worked with the State Title I Director to solve the online submission problem. The one month the report could not be entered online the Treasurer prepared a written report and submitted it to the Title I office in a timely manner to be entered by Title I office personnel. All other reports were submitted online as prescribed by the Title I office.

When the new Superintendent of Schools was hired by the School Board of Trustees the responsibility of managing the Federal and State reports was given to the Office of Innovations in Learning. The Treasurer signs the reports as required by State law.

  
\_\_\_\_\_

Date: January 17, 2013

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*The mission of the Tri-Creek School Corporation is to develop skillful citizens able to think critically,  
solve problems, and work independently and cooperatively.*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2010-3, CASH MANAGEMENT**

Federal Agency: US Department of Education  
Federal Program: Title I, Grants to Local Educational Agencies, ARRA – Title I Grants  
CFDA Number: 84.010, 84.3889  
Federal Award No. 08-4645, 09-4645, 10-4645  
Pass-Through Entity: Indiana Department of Education  
Auditee Contact Person: Sandra Goss  
Title of Contact Person: Coordinator of Fiscal Services  
Phone Number: 219 750 1283

Status of action taken to correct finding:

The Finance Department of Tri-Creek School changed procedures as required by the State of Indiana to request reimbursements for approved expenditures from Title I as well as from all other Federal Grants . This resolved the issue of having excessive Federal funds on hand.

  
\_\_\_\_\_

Date: \_\_\_\_\_ January 17, 2013 \_\_\_\_\_

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CORRECTIVE ACTION PLAN  
Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-1, ALLOWABLE COST, PERIOD OF AVAILABILITY**

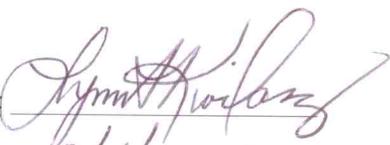
Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants – Secure our Schools  
CFDA Number: 16.710  
Award Number: 2005CKWX0532  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Grant program administrators shall provide the grant fiscal administrators (Business Manager and Treasurer) with a full, written copy of the grant program components along with the fiscal budget for the grant. Both parties will review and monitor these details in order for the Tri-Creek School Corporation (TCSC) to comply with the program and fiscal requirements of the grant. Changes to either program or monetary budget will be discussed and reviewed by program administrators, fiscal administrators, and, when applicable, pass-through agency administrators PRIOR to the implementation of these changes. Grant amendment procedures will be strictly followed and proposed amended actions or expenditures will only occur after approval by the granting agency.

Expenditures will include all required and appropriate documentation and will follow TCSC purchasing policies and state/federal purchasing statutes as well as those set forth by the terms and conditions of the grant. The TCSC Business Manager will review such purchases on no less than a quarterly basis or that which is required by the granting agency. Requests for reimbursement and financial reports shall be completed by the Treasurer or her designee and such will be reviewed and evidenced as reviewed by initial/date of the Business Manager before such requests or reports are submitted to the granting or pass-through agencies.

The Grant program administrators shall maintain all program compliance materials in an appropriate fashion to meet all grant and record retention requirements. Grant fiscal data shall be maintained in the same manner by the TCSC fiscal administrators.

Signed:   
Date: 2/4/2013

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Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-2, PROCUREMENT AND SUSPENSION AND DEBARMENT**

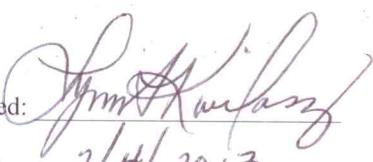
Federal Agencies: U.S. Department of Justice; U.S. Department of Education  
Pass-Through Agencies: Town of Lowell; Lakeshore Alliance for Student Success (LASS); Indiana Department of Education  
Federal Programs: Public Safety Partnership and Community Policing Grants – Secure our Schools; Fund for the Improvement of Education-Smaller Learning Communities; Special Education Grants to the States  
CFDA Numbers: 16.710; 84.215L; 84.027  
Award Numbers: 2005CKWX0532; 2010CKWX0761, FY 2010-11 & FY2011-12  
Auditee Contact Person: Lynn A. Kwilasz  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Grant program administrators shall provide the grant fiscal administrators with a full, written copy of the grant program components along with the fiscal budget for all grants as they are approved. Both parties will review and monitor these details in order for the Tri-Creek School Corporation (TCSC) to comply with the program and fiscal requirements of these grants.

Expenditures will include all required and appropriate documentation and will follow TCSC purchasing policies and state and federal purchasing statutes and, if applicable, any additional requirements set forth by the terms and conditions of the grant. The TCSC Business Manager will review such purchases on no less than a quarterly basis or that which is required by the granting agencies. Bids and quotes shall be secured in accordance with applicable state and federal statutes and documentation shall be maintain by the program and fiscal administrators as required by all grant and record retention statutes.

The federal disbarment website address will be provided to all grant program administrators. Prior to the approval of a purchase related to a federal grant, the program administrator or his/her designee shall check this website to determine if the potential vendor is disbarred or suspended from participation in federal programs. Documentation such as a dated printout that shows that an inquiry was made and that notes that a specific vendor is not in suspended or disbarred at the time of inquiry will be included with the purchase/expenditure documentation.

Signed:   
Date: 2/4/2013

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Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

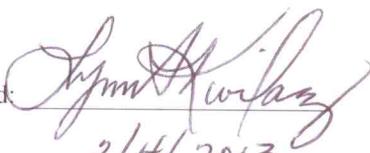
**FINDING 2012-3, CASH MANAGEMENT-PUBLIC SAFETY PARTNERSHIP AND COMMUNITY  
POLICING GRANTS**

Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants – Secure our Schools  
CFDA Number: 16.710  
Award Numbers: 2005CKWX0532; 2010CKWX0761  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

TCSC shall typically choose the reimbursement method of cash management related to federal grant awards. Requests for reimbursement shall be completed by the Treasurer or her designee and then be reviewed and evidenced as reviewed by initial/date of the Business Manager before such requests are submitted to the granting or pass-through agencies.

Receipts and expenditure disbursements shall be accounted for through a designated fund assigned to each specific federal grant. Detailed accounting reports as generated through the electronic accounting system shall evidence such transactions. Financial reports shall be completed by the Treasurer or her designee and such shall be reviewed and evidenced as reviewed by initial/date of the Business Manager before such reports are submitted to the granting or pass-through agencies.

Signed:   
Date: 2/4/2013

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Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

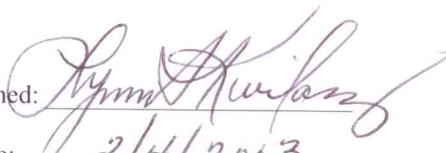
**FINDING 2012-4, LEVEL OF EFFORT**

Federal Agency: U.S. Department of Justice  
Pass-Through Agency: Town of Lowell  
Federal Program: Public Safety Partnership and Community Policing Grants – Secure our Schools  
CFDA Number: 16.710  
Award Number: 2005CKWX0532  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

At the outset of a grant with Level-of-Effort requirements the grant program administrators, grant fiscal administrators, and pass-through agency administrators shall meet to determine grant program content and the appropriate materials and equipment to be purchased to support the program. Meeting will be noted in grant program files to verify that Level-of-Effort/Non-Supplanting requirements have been defined, discussed, and agreed upon prior to the start of the grant program.

Grant program administrators shall provide the grant fiscal administrators with a full, written copy of the grant program components along with the fiscal budget for the grant. Both parties will review and monitor these details in order for the Tri-Creek School Corporation (TCSC) to comply with the Level-of-Effort/Non-Supplanting requirements of the grant.

Signed:   
Date: 2/4/2013

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Section III – Federal Awards Findings and Questioned Costs

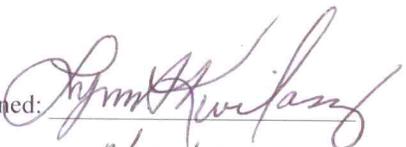
**FINDING 2012-5, EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agencies: U.S. Department of Justice; U.S. Department of Education  
Pass-Through Agencies: Town of Lowell; Indiana Department of Education  
Federal Programs: Public Safety Partnership and Community Policing Grants – Secure our Schools; Special Education Grants to the States  
CFDA Numbers: 16.710; 84.027  
Award Numbers: 2005CKWX0532; 2010CKWX0761, FY2011-12  
Auditee Contact Person: Lynn A. Kwilasz  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Tri-Creek School Corporation (TCSC) management shall review the inventory requirements for equipment purchased by grant funds and incorporate the required data into the inventory system or into a supplemental system in order to achieve compliance.

TCSC inventory policy and procedure will be reviewed and compliance therewith shall be reestablished.

Signed:   
Date: 2/4/2013

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Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-6, CONTROLS OVER ALLOWABLE COST: FUND FOR THE IMPROVEMENT OF EDUCATION**

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Lakeshore Alliance for Student Success  
Federal Program: Fund for the Improvement of Education-Smaller Learning Communities  
CFDA Number: 84.215L  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Grant program administrators shall provide the grant fiscal administrators with a full, written copy of the grant program components along with the fiscal budget for the grant. Both parties will review and monitor these details in order for the Tri-Creek School Corporation (TCSC) to comply with both the program and fiscal requirements of the grant.

Internal controls and separation of duties shall be implemented as follows:

- Grant program administrators shall evidence their review and approval of all grant related payroll and expenditures by initial/date of time sheets, purchase orders and invoices prior to processing such expenditures by the TCSC payroll and accounts payable personnel.
- Expenditures will include all required and appropriate documentation and will follow TCSC purchasing policies and state/federal purchasing statutes as well as those set forth by the terms and conditions of the grant.
- Requests for reimbursement and financial reports will be completed by the Treasurer or her designee and such shall be reviewed and evidenced as reviewed by initial/date of the Business Manager before such requests or reports are submitted to the granting or pass-through agencies.
- The Grant program administrators shall maintain all program compliance materials in an appropriate fashion to meet all grant and record retention requirements. Grant fiscal data shall be maintained in the same manner by the TCSC fiscal administrators.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

2/4/2013

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Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-7, CONTROLS OVER CASH MANAGEMENT-FUND FOR THE IMPROVEMENT  
OF EDUCATION**

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Lakeshore Alliance for Student Success  
Federal Program: Fund for the Improvement of Education-Smaller Learning Communities  
CFDA Number: 84.215L  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Receipts and expenditure disbursements shall be accounted for through a designated fund assigned to each specific federal grant. Detailed accounting reports as generated through the electronic accounting system shall evidence such transactions in conjunction with bank statement data for receipt of funds and time sheets, purchase orders, and invoices for expenditures.

Internal controls and separation of duties shall be established and implemented as follows:

- Grant program administrators shall evidence their review and approval of all grant related payroll and expenditures by initial/date of time sheets, purchase orders and invoices prior to processing such expenditures by the TCSC payroll and accounts payable personnel.
- Expenditures shall include all required and appropriate documentation and will follow TCSC purchasing policies and state/federal purchasing statutes as well as those set forth by the terms and conditions of the grant.
- Requests for reimbursement and financial reports shall be completed by the Treasurer or her designee and such shall be reviewed and evidenced as reviewed by initial/date of the Business Manager before such requests or reports are submitted to the granting or pass-through agencies.
- The Grant program administrators shall maintain all program compliance materials in an appropriate fashion to meet all grant and record retention requirements. Grant fiscal data shall be maintained in the same manner by the TCSC fiscal administrators.

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Lynn A. Kwilas", written over a horizontal line.

Date: \_\_\_\_\_

2/4/2013

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CORRECTIVE ACTION PLAN  
Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-8, ALLOWABLE COSTS: ARRA – SPECIAL EDUCATION GRANTS TO STATES,  
RECOVERY ACT**

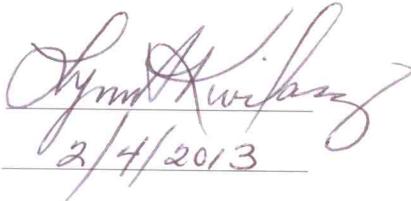
Federal Agency: U.S. Department of Education  
Pass-Through Agency: Northwest Indiana Special Education Cooperative  
Federal Program: ARRA-Special Education Grants to States, Recovery Act  
CFDA Number: 84.391  
Award Numbers: FY 2010/2011 and FY 2011/2012  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Internal control related to certification of time and effort and for semi-annual certification for federal grants shall be established and implemented as follows:

- Grant program administrators and first-hand supervisors of grant-paid personnel shall evidence their review and approval of all grant related payroll by initial/date of time sheets prior to processing by TCSC payroll personnel.
- Time and Effort logs shall be completed each pay period by all federal grant-paid personnel who are not fully (100%) paid through a federal grant fund. Such logs will be provided to the grant program administrator and maintained in an appropriate manner to meet all grant and record retention requirements.
- Semi-Annual Certification forms shall be completed by the grant program administrator for those federal grant-paid employees who are fully (100%) paid through a federal grant fund. Such certificates shall be maintained by the grant program administrator in an appropriate manner to meet all grant and record retention requirements.

Signed:



Date:

2/4/2013



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CORRECTIVE ACTION PLAN  
Tri-Creek School Corporation

Section III – Federal Awards Findings and Questioned Costs

**FINDING 2012-9, SCHOOL LUNCH MANAGEMENT CONTROLS, ALLOWABLE COSTS, ELIGIBILITY, REPORTING, SPECIAL TESTS AND PROVISIONS**

Federal Agency: U.S. Department of Agriculture  
Pass-Through Agency: Indiana Department of Education  
Federal Program: Child Nutrition Cluster  
CFDA Numbers: 10.553, School Breakfast Program; 10.555, National School Lunch Program  
Award Numbers: FY 2010/2011 and FY 2011/2012  
Auditee Contact Person: Lynn A. Kwilas  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

Beginning July 1, 2013 the School Lunch Program will operate as a Tri-Creek School Corporation (TCSC) corporation fund rather than an extra-curricular account. Standard corporation oversight and separation of duties related to food service operations will be added and enhanced by the following actions:

- Food Services Department shall submit all non-payroll claims through the TCSC corporation accounts payable process. All TCSC and state/federal purchasing policies and regulations shall be applied.
- Food Service claims shall be reported, reviewed, and approved by the Board of School Trustees on a monthly basis through the standard TCSC accounts payable claims reporting process.
- The Food Service Department point-of-service system (POS) data shall be reconciled and entered directly into the TCSC accounting system by the Food Service Treasurer. The Food Service bank account statement deposits shall be balanced with the POS receipts by Food Service Treasurer. Food Service bank account shall be included in the TCSC monthly bank reconciliation process by TCSC Treasurer and reviewed and review evidenced by initial/date of the TCSC Business Manager.
- Food Service data will be directly included within the Corporation Form 9 data.
- The Food Service administrators shall maintain all program compliance materials and related fiscal data in an appropriate fashion to meet all federal food service program and record retention requirements.
- Requests for reimbursement and financial reports shall be completed by the Food Service Treasurer, reviewed and certified by the Food Service Director and such review shall be evidenced by initial/date of the Food Service Director before such requests or reports are submitted to the pass-through agency.
- Other Food Service operation and reporting areas will be reviewed to determine other points where management oversight can be strengthen within a reasonable risk-cost-benefit environment.

Signed:

Date:

2/4/2013

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Section III – Federal Awards Findings and Questioned Costs

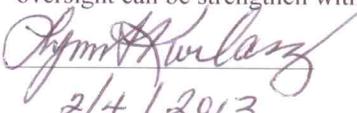
**FINDING 2012-10, INTERNAL CONTROL OVER COMPLIANCE, TITLE I (ALLOWABLE COST, CASH MANAGEMENT AND REPORTING)**

Federal Agency: U.S. Department of Education  
Pass-Through Agency: Indiana Department of Education  
Federal Program: Title I Grants to Local Educational Agencies, ARRA – Title I Grants to Local Educational Agencies, Recovery Act  
CFDA Numbers: 84.010 and 84.389  
Award Numbers: 10-4645, 11-4645, and 12-4645  
Auditee Contact Person: Lynn A. Kwilasz  
Title of Contact Person: Business Manager  
Phone Number: 219.750.1282

Actions to be taken to correct finding:

The Tri-Creek School Corporation (TCSC) recognizes that internal controls and segregation of duties as noted must be strengthened in order to achieve a level of reasonable assurance related to compliance and safeguarding of federal program funds and assets. TCSC shall implement the following grant-related management, reporting and operational processes in an effort to achieve a reasonable level of segregation of duties, internal control and management oversight:

- Grant program administrators shall provide the grant fiscal administrators (Business Manager and Treasurer) with a full, written copy of the grant program components along with the fiscal budget for the grant. Both groups shall review and monitor these details in order for TCSC to comply with the program and fiscal requirements of the grants.
- The TCSC Business Manager shall, on no less than a semi-annual basis, independently review all TCSC grants and related accounting data in conjunction to the grant program. Further, such review shall include specific review of TCSC accounting records with grant file and program information. The Business Manager shall inform grant program administrators of deficiencies in documentation or oversight.
- Changes to either program or monetary budget will be discussed and reviewed by program administrators and fiscal administrators PRIOR to the implementation of these changes.
- Grant amendment procedures shall be strictly followed and proposed amended actions or expenditures will only occur after TCSC receives official approval by the granting agency.
- Grant program administrators shall evidence their review and approval of all grant related payroll and grant expenditures by initial/date of time sheets, purchase orders and invoices prior to processing these items by the TCSC payroll and accounts payable personnel.
- Requests for reimbursement and financial reports shall be completed by the Treasurer or her designee and such shall be reviewed and evidenced as reviewed by initial/date of the Business Manager before such requests or reports are submitted to the granting or pass-through agencies.
- The Grant program administrators shall maintain all program compliance materials in an appropriate fashion to meet all grant and record retention requirements. Grant fiscal data shall be maintained in the same manner by the TCSC fiscal administrators.
- All financial operations and reporting areas will be reviewed to determine other points where management oversight can be strengthen within a reasonable risk-cost-benefit environment.

Signed:   
Date: 2/4/2013

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TRI-CREEK SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 4, 2013, with Dr. Debra K. Howe, Superintendent of Schools; Sandra K. Goss, Treasurer; Lynn A. Kwilasz, Business Manager; and Douglas L. Ward, President of the School Board. The officials concurred with our audit findings.