

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TIPPECANOE VALLEY SCHOOL CORPORATION
KOSCIUSKO COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
02/07/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sherrri Adamson (deceased)	07-01-11 to 01-07-13
	(Vacant)	01-08-13 to 01-13-13
	Jennifer Barden (Interim)	01-14-13 to 04-14-13
	Jessica McFarland	04-15-13 to 12-31-13
Superintendent of Schools	Brett Boggs	07-01-11 to 06-30-15
President of the School Board	Mark Wise	07-01-11 to 12-31-12
	Bryan Murphy	01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TIPPECANOE VALLEY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Tippecanoe Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 records 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Other Information

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

December 10, 2013



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INDEPENDENT AUDITOR'S 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 TIPPECANOE VALLEY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

We have audited, 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, the financial statement of the Tippecanoe Valley School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated December 10, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1 to be material weaknesses.

INDEPENDENT AUDITOR'S 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*.

Tippecanoe Valley School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 10, 2013

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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.

TIPPECANOE VALLEY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 5,411,468	\$ 12,996,715	\$ 12,377,688	\$ 3,393	\$ 6,033,888	\$ 13,293,025	\$ 12,835,924	\$ (33,735)	\$ 6,457,254
Debt Service	1,288,442	3,018,847	2,925,210	-	1,382,079	3,022,660	2,896,100	(7,348)	1,501,291
Capital Projects	2,015,848	1,589,098	1,574,139	-	2,030,807	1,587,349	1,469,221	(3,835)	2,145,100
School Transportation	1,072,788	1,230,679	1,150,176	-	1,153,291	1,291,728	1,213,221	(11,500)	1,220,298
School Bus Replacement	170,010	198,387	152,854	-	215,543	294,196	151,156	(575)	358,008
School Lunch	602,805	1,116,845	1,047,379	-	672,271	1,023,996	1,027,811	-	668,456
Textbook Rental	336,457	283,096	308,510	-	311,043	220,201	219,390	-	311,854
Self-Insurance	5,986,873	2,988,893	2,446,834	-	6,528,932	3,206,751	2,693,283	42,169	7,084,569
Levy Excess	-	-	-	-	-	-	-	14,824	14,824
Educational License Plates	5,388	263	-	-	5,651	206	-	-	5,857
Alternative Education	6,776	12,743	12,913	-	6,606	14,316	11,922	-	9,000
Burket Scoreboard	725	-	725	-	-	-	-	-	-
Hispanic Youth Mentoring Program	653	-	-	-	653	-	-	-	653
Keys Grants	-	10,023	10,023	-	-	6,522	3,072	-	3,450
United Way Grant	6,562	12,300	13,794	-	5,068	14,994	16,268	-	3,794
Vision Care Needs	468	-	-	-	468	-	-	-	468
United Way Grant 2010 - 2011	-	-	-	-	-	1,493	-	-	1,493
Bentley Grant	-	1,750	1,750	-	-	-	-	-	-
Summer Reading Camp	-	500	-	-	500	-	440	-	60
NCA Award Mentone	480	-	-	-	480	-	-	-	480
DEKKO	1,180	15,000	2,250	-	13,930	-	12,615	-	1,315
Graduation Coaches	1,409	12,500	11,021	-	2,888	15,625	9,323	-	9,190
Career Coach	-	-	-	-	-	3,125	3,122	-	3
Building Trades	-	500	-	-	500	-	520	-	(20)
Gifted & Talented 2010 - 2011	3,227	-	3,227	-	-	-	-	-	-
Gifted & Talented 2011 - 2012	-	32,542	28,297	-	4,245	-	4,245	-	-
Gifted & Talented 2012 - 2013	-	-	-	-	-	32,070	14,723	-	17,347
Non-English Speaking 2011 - 2012	-	9,286	9,286	-	-	-	-	-	-

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

TIPPECANOE VALLEY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
Non-English Speaking 2012 - 2013	-	-	-	-	-	10,370	11,918	-	(1,548)
School Technology	2,482	5,283	99	4	7,670	5,456	5,705	-	7,421
Random Drug Testing Program	-	2,500	2,500	-	-	3,000	3,000	-	-
Career Fair	167	270	384	-	53	750	489	-	314
Wind Power Project	-	89,214	89,214	-	-	76,228	39,848	-	36,380
TVHS Distinguished Alumni	-	-	-	-	-	1,335	1,335	-	-
Title I 2010 - 2011	48,396	-	48,396	-	-	-	-	-	-
Title I 2011 - 2012	-	320,541	321,696	-	(1,155)	88,861	87,706	-	-
Title I 2012 - 2013	-	-	-	-	-	196,638	277,444	-	(80,806)
Fed School Age 2010 - 2011	62,119	63,114	122,507	-	2,726	4	2,962	-	(232)
Fed School Age 2011 - 2012	-	295,016	313,202	-	(18,186)	155,039	121,954	-	14,899
Fed School Age 2012 - 2013	-	-	-	-	-	107,200	310,081	-	(202,881)
Fed Pre-School 2010 - 2011	1,011	1,137	2,148	-	-	-	-	-	-
Fed Pre-School 2011 - 2012	-	10,587	9,810	-	777	-	777	-	-
Fed Pre-School 2012 - 2013	-	-	-	-	-	8,167	10,569	-	(2,402)
Drug Free Schools 2010 - 2011	724	4,585	5,309	-	-	-	-	-	-
Special Ed Improvement 2011 - 2012	-	-	242	-	(242)	69,354	69,112	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	75,129	63,671	-	11,458	48,937	69,206	-	(8,811)
Title II Part A 2009 - 2010	7,511	-	7,511	-	-	-	-	-	-
LEP 2011 - 2012	-	10,056	9,589	-	467	-	467	-	-
LEP 2012 - 2013	-	-	-	-	-	-	14,699	-	(14,699)
ARRA Title I	10,779	-	10,779	-	-	-	-	-	-
ARRA Fed School Age	36,394	131,490	167,884	-	-	-	-	-	-
ARRA Fed Pre-School	6,822	-	6,822	-	-	-	-	-	-
Education Jobs	-	399,191	396,477	-	2,714	14,777	17,491	-	-
Totals	<u>\$ 17,087,964</u>	<u>\$ 24,938,080</u>	<u>\$ 23,654,316</u>	<u>\$ 3,397</u>	<u>\$ 18,375,125</u>	<u>\$ 24,814,373</u>	<u>\$ 23,627,119</u>	<u>\$ -</u>	<u>\$ 19,562,379</u>

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

TIPPECANOE VALLEY 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

TIPPECANOE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

TIPPECANOE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

TIPPECANOE VALLEY 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.

TIPPECANOE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds that receive reimbursements subsequent to the actual disbursing of cash, typically for state and federal grants. These subsequent reimbursements were not received before June 30, 2012, or June 30, 2013.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Tippecanoe Valley 1997 Building Corporation, Tippecanoe Valley Middle School Building Corporation, Tippecanoe Valley 2004 School Building Corporation, and the Tippecanoe Valley 2011 School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School

TIPPECANOE VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ending June 30, 2012 and 2013, totaled \$2,784,740 and \$2,851,348, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefit: life insurance. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefit can be obtained by contacting the School Corporation.

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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.

TIPPECANOE VALLEY 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	Capital Projects	School Transportation	School Bus Replacement	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 5,411,468	\$ 1,288,442	\$ 2,015,848	\$ 1,072,788	\$ 170,010	\$ 602,805	\$ 336,457	\$ 5,986,873	\$ -
Receipts:									
Local sources	169,278	3,018,847	1,589,098	1,230,679	198,387	413,584	191,090	2,988,893	-
Intermediate sources	467	-	-	-	-	-	-	-	-
State sources	12,685,210	-	-	-	-	10,404	91,687	-	-
Federal sources	2,818	-	-	-	-	691,843	-	-	-
Other	138,942	-	-	-	-	1,014	319	-	-
Total receipts	<u>12,996,715</u>	<u>3,018,847</u>	<u>1,589,098</u>	<u>1,230,679</u>	<u>198,387</u>	<u>1,116,845</u>	<u>283,096</u>	<u>2,988,893</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	8,906,253	-	-	-	-	-	-	758,771	-
Support services	3,467,673	-	1,032,886	1,150,176	152,854	-	308,510	212,317	-
Noninstructional services	3,762	-	-	-	-	1,047,379	-	-	-
Facilities acquisition and construction	-	-	541,253	-	-	-	-	-	-
Debt services	-	2,925,210	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,475,746	-
Total disbursements	<u>12,377,688</u>	<u>2,925,210</u>	<u>1,574,139</u>	<u>1,150,176</u>	<u>152,854</u>	<u>1,047,379</u>	<u>308,510</u>	<u>2,446,834</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>619,027</u>	<u>93,637</u>	<u>14,959</u>	<u>80,503</u>	<u>45,533</u>	<u>69,466</u>	<u>(25,414)</u>	<u>542,059</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	3,393	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,393</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>622,420</u>	<u>93,637</u>	<u>14,959</u>	<u>80,503</u>	<u>45,533</u>	<u>69,466</u>	<u>(25,414)</u>	<u>542,059</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,033,888</u>	<u>\$ 1,382,079</u>	<u>\$ 2,030,807</u>	<u>\$ 1,153,291</u>	<u>\$ 215,543</u>	<u>\$ 672,271</u>	<u>\$ 311,043</u>	<u>\$ 6,528,932</u>	<u>\$ -</u>

TIPPECANOE VALLEY 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)

	Educational License Plates	Alternative Education	Burket Scoreboard	Hispanic Youth Mentoring Program	Keys Grants	United Way Grant	Vision Care Needs	United Way Grant 2010 - 2011	Bentley Grant
Cash and investments - beginning	\$ 5,388	\$ 6,776	\$ 725	\$ 653	\$ -	\$ 6,562	\$ 468	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	263	-	-	-	10,023	12,300	-	-	1,750
State sources	-	12,743	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	263	12,743	-	-	10,023	12,300	-	-	1,750
Disbursements:									
Current:									
Instruction	-	12,913	725	-	-	-	-	-	-
Support services	-	-	-	-	10,023	13,794	-	-	1,750
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	12,913	725	-	10,023	13,794	-	-	1,750
Excess (deficiency) of receipts over disbursements	263	(170)	(725)	-	-	(1,494)	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	263	(170)	(725)	-	-	(1,494)	-	-	-
Cash and investments - ending	\$ 5,651	\$ 6,606	\$ -	\$ 653	\$ -	\$ 5,068	\$ 468	\$ -	\$ -

TIPPECANOE VALLEY 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)

	Summer Reading Camp	NCA Award Mentone	DEKKO	Graduation Coaches	Career Coach	Building Trades	Gifted & Talented 2010 - 2011	Gifted & Talented 2011 - 2012	Gifted & Talented 2012 - 2013
Cash and investments - beginning	\$ -	\$ 480	\$ 1,180	\$ 1,409	\$ -	\$ -	\$ 3,227	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	500	-	15,000	12,500	-	-	-	-	-
State sources	-	-	-	-	-	-	-	32,542	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	500	-	-	-
Total receipts	500	-	15,000	12,500	-	500	-	32,542	-
Disbursements:									
Current:									
Instruction	-	-	2,250	-	-	-	3,227	28,297	-
Support services	-	-	-	11,021	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,250	11,021	-	-	3,227	28,297	-
Excess (deficiency) of receipts over disbursements	500	-	12,750	1,479	-	500	(3,227)	4,245	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	-	12,750	1,479	-	500	(3,227)	4,245	-
Cash and investments - ending	\$ 500	\$ 480	\$ 13,930	\$ 2,888	\$ -	\$ 500	\$ -	\$ 4,245	\$ -

TIPPECANOE VALLEY 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 2011 - 2012	Non-English Speaking 2012 - 2013	School Technology	Random Drug Testing Program	Career Fair	Wind Power Project	TVHS Distinguished Alumni	Title I 2010 - 2011	Title I 2011 - 2012
Cash and investments - beginning	\$ -	\$ -	\$ 2,482	\$ -	\$ 167	\$ -	\$ -	\$ 48,396	\$ -
Receipts:									
Local sources	-	-	1,891	2,500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	9,286	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	89,214	-	-	320,541
Other	-	-	3,392	-	270	-	-	-	-
Total receipts	9,286	-	5,283	2,500	270	89,214	-	-	320,541
Disbursements:									
Current:									
Instruction	9,286	-	-	2,500	-	-	-	35,833	264,238
Support services	-	-	99	-	384	-	-	12,563	57,458
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	89,214	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,286	-	99	2,500	384	89,214	-	48,396	321,696
Excess (deficiency) of receipts over disbursements	-	-	5,184	-	(114)	-	-	(48,396)	(1,155)
Other financing sources (uses):									
Sale of capital assets	-	-	4	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	4	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	5,188	-	(114)	-	-	(48,396)	(1,155)
Cash and investments - ending	\$ -	\$ -	\$ 7,670	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ (1,155)

TIPPECANOE VALLEY 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 2012 - 2013	Fed School Age 2010 - 2011	Fed School Age 2011 - 2012	Fed School Age 2012 - 2013	Fed Pre-School 2010 - 2011	Fed Pre-School 2011 - 2012	Fed Pre-School 2012 - 2013	Drug Free Schools 2010 - 2011	Special Ed Improvement 2011 - 2012
Cash and investments - beginning	\$ -	\$ 62,119	\$ -	\$ -	\$ 1,011	\$ -	\$ -	\$ 724	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	4,585	-
Federal sources	-	63,114	295,016	-	1,137	10,587	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	63,114	295,016	-	1,137	10,587	-	4,585	-
Disbursements:									
Current:									
Instruction	-	29,620	63,023	-	2,148	9,810	-	5,309	-
Support services	-	92,887	250,179	-	-	-	-	-	242
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	122,507	313,202	-	2,148	9,810	-	5,309	242
Excess (deficiency) of receipts over disbursements	-	(59,393)	(18,186)	-	(1,011)	777	-	(724)	(242)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(59,393)	(18,186)	-	(1,011)	777	-	(724)	(242)
Cash and investments - ending	\$ -	\$ 2,726	\$ (18,186)	\$ -	\$ -	\$ 777	\$ -	\$ -	\$ (242)

TIPPECANOE VALLEY 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)

	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2009 - 2010	LEP 2011 - 2012	LEP 2012 - 2013	ARRA Title I	ARRA Fed School Age	ARRA Fed Pre-School	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 7,511	\$ -	\$ -	\$ 10,779	\$ 36,394	\$ 6,822	\$ -	\$ 17,087,964
Receipts:									
Local sources	-	-	-	-	-	-	-	-	9,804,247
Intermediate sources	-	-	-	-	-	-	-	-	52,803
State sources	-	-	-	-	-	-	-	-	12,846,457
Federal sources	75,129	-	10,056	-	-	131,490	-	399,191	2,090,136
Other	-	-	-	-	-	-	-	-	144,437
Total receipts	75,129	-	10,056	-	-	131,490	-	399,191	24,938,080
Disbursements:									
Current:									
Instruction	63,671	7,511	9,589	-	(349)	8,580	-	321,007	10,544,212
Support services	-	-	-	-	11,128	159,304	6,822	75,470	7,027,540
Noninstructional services	-	-	-	-	-	-	-	-	1,051,141
Facilities acquisition and construction	-	-	-	-	-	-	-	-	541,253
Debt services	-	-	-	-	-	-	-	-	3,014,424
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,475,746
Total disbursements	63,671	7,511	9,589	-	10,779	167,884	6,822	396,477	23,654,316
Excess (deficiency) of receipts over disbursements	11,458	(7,511)	467	-	(10,779)	(36,394)	(6,822)	2,714	1,283,764
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	3,397
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,397
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,458	(7,511)	467	-	(10,779)	(36,394)	(6,822)	2,714	1,287,161
Cash and investments - ending	\$ 11,458	\$ -	\$ 467	\$ -	\$ -	\$ -	\$ -	\$ 2,714	\$ 18,375,125

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 6,033,888	\$ 1,382,079	\$ 2,030,807	\$ 1,153,291	\$ 215,543	\$ 672,271	\$ 311,043	\$ 6,528,932	\$ -
Receipts:									
Local sources	190,390	3,022,660	1,587,349	1,278,078	294,196	399,183	134,678	3,206,751	-
Intermediate sources	252	-	-	-	-	-	-	-	-
State sources	12,925,464	-	-	-	-	9,832	85,223	-	-
Federal sources	-	-	-	-	-	613,446	-	-	-
Other	176,919	-	-	13,650	-	1,535	300	-	-
Total receipts	<u>13,293,025</u>	<u>3,022,660</u>	<u>1,587,349</u>	<u>1,291,728</u>	<u>294,196</u>	<u>1,023,996</u>	<u>220,201</u>	<u>3,206,751</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	9,447,386	-	-	-	-	-	-	2,106,771	-
Support services	3,374,571	-	1,019,117	1,213,221	151,156	-	219,390	576,048	-
Noninstructional services	13,967	-	-	-	-	1,027,811	-	10,464	-
Facilities acquisition and construction	-	-	450,104	-	-	-	-	-	-
Debt services	-	2,896,100	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>12,835,924</u>	<u>2,896,100</u>	<u>1,469,221</u>	<u>1,213,221</u>	<u>151,156</u>	<u>1,027,811</u>	<u>219,390</u>	<u>2,693,283</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>457,101</u>	<u>126,560</u>	<u>118,128</u>	<u>78,507</u>	<u>143,040</u>	<u>(3,815)</u>	<u>811</u>	<u>513,468</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	42,169	14,824
Transfers out	(33,735)	(7,348)	(3,835)	(11,500)	(575)	-	-	-	-
Total other financing sources (uses)	<u>(33,735)</u>	<u>(7,348)</u>	<u>(3,835)</u>	<u>(11,500)</u>	<u>(575)</u>	<u>-</u>	<u>-</u>	<u>42,169</u>	<u>14,824</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>423,366</u>	<u>119,212</u>	<u>114,293</u>	<u>67,007</u>	<u>142,465</u>	<u>(3,815)</u>	<u>811</u>	<u>555,637</u>	<u>14,824</u>
Cash and investments - ending	<u>\$ 6,457,254</u>	<u>\$ 1,501,291</u>	<u>\$ 2,145,100</u>	<u>\$ 1,220,298</u>	<u>\$ 358,008</u>	<u>\$ 668,456</u>	<u>\$ 311,854</u>	<u>\$ 7,084,569</u>	<u>\$ 14,824</u>

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Educational License Plates	Alternative Education	Burket Scoreboard	Hispanic Youth Mentoring Program	Keys Grants	United Way Grant	Vision Care Needs	United Way Grant 2010 - 2011	Bentley Grant
Cash and investments - beginning	\$ 5,651	\$ 6,606	\$ -	\$ 653	\$ -	\$ 5,068	\$ 468	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	206	-	-	-	6,522	14,994	-	1,493	-
State sources	-	14,316	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	206	14,316	-	-	6,522	14,994	-	1,493	-
Disbursements:									
Current:									
Instruction	-	11,922	-	-	-	-	-	-	-
Support services	-	-	-	-	3,072	16,268	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,922	-	-	3,072	16,268	-	-	-
Excess (deficiency) of receipts over disbursements	206	2,394	-	-	3,450	(1,274)	-	1,493	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	206	2,394	-	-	3,450	(1,274)	-	1,493	-
Cash and investments - ending	\$ 5,857	\$ 9,000	\$ -	\$ 653	\$ 3,450	\$ 3,794	\$ 468	\$ 1,493	\$ -

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Summer Reading Camp	NCA Award Mentone	DEKKO	Graduation Coaches	Career Coach	Building Trades	Gifted & Talented 2010 - 2011	Gifted & Talented 2011 - 2012	Gifted & Talented 2012 - 2013
Cash and investments - beginning	\$ 500	\$ 480	\$ 13,930	\$ 2,888	\$ -	\$ 500	\$ -	\$ 4,245	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	15,625	3,125	-	-	-	-
State sources	-	-	-	-	-	-	-	-	32,070
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	15,625	3,125	-	-	-	32,070
Disbursements:									
Current:									
Instruction	-	-	660	-	-	520	-	4,245	14,723
Support services	440	-	11,955	9,323	3,122	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	440	-	12,615	9,323	3,122	520	-	4,245	14,723
Excess (deficiency) of receipts over disbursements	(440)	-	(12,615)	6,302	3	(520)	-	(4,245)	17,347
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(440)	-	(12,615)	6,302	3	(520)	-	(4,245)	17,347
Cash and investments - ending	\$ 60	\$ 480	\$ 1,315	\$ 9,190	\$ 3	\$ (20)	\$ -	\$ -	\$ 17,347

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking 2011 - 2012	Non-English Speaking 2012 - 2013	School Technology	Random Drug Testing Program	Career Fair	Wind Power Project	TVHS Distinguished Alumni	Title I 2010 - 2011	Title I 2011 - 2012
Cash and investments - beginning	\$ -	\$ -	\$ 7,670	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ (1,155)
Receipts:									
Local sources	-	-	-	3,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	10,370	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	76,228	-	-	88,861
Other	-	-	5,456	-	750	-	1,335	-	-
Total receipts	-	10,370	5,456	3,000	750	76,228	1,335	-	88,861
Disbursements:									
Current:									
Instruction	-	11,918	-	3,000	-	-	-	-	61,942
Support services	-	-	5,705	-	489	-	1,335	-	25,764
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	39,848	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,918	5,705	3,000	489	39,848	1,335	-	87,706
Excess (deficiency) of receipts over disbursements	-	(1,548)	(249)	-	261	36,380	-	-	1,155
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,548)	(249)	-	261	36,380	-	-	1,155
Cash and investments - ending	\$ -	\$ (1,548)	\$ 7,421	\$ -	\$ 314	\$ 36,380	\$ -	\$ -	\$ -

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I 2012 - 2013	Fed School Age 2010 - 2011	Fed School Age 2011 - 2012	Fed School Age 2012 - 2013	Fed Pre-School 2010 - 2011	Fed Pre-School 2011 - 2012	Fed Pre-School 2012 - 2013	Drug Free Schools 2010 - 2011	Special Ed Improvement 2011 - 2012
Cash and investments - beginning	\$ -	\$ 2,726	\$ (18,186)	\$ -	\$ -	\$ 777	\$ -	\$ -	\$ (242)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	196,638	4	155,039	107,200	-	-	8,167	-	69,354
Other	-	-	-	-	-	-	-	-	-
Total receipts	196,638	4	155,039	107,200	-	-	8,167	-	69,354
Disbursements:									
Current:									
Instruction	217,794	(87)	21,551	64,418	-	777	10,569	-	-
Support services	59,650	3,049	100,403	245,663	-	-	-	-	69,112
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	277,444	2,962	121,954	310,081	-	777	10,569	-	69,112
Excess (deficiency) of receipts over disbursements	(80,806)	(2,958)	33,085	(202,881)	-	(777)	(2,402)	-	242
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,806)	(2,958)	33,085	(202,881)	-	(777)	(2,402)	-	242
Cash and investments - ending	\$ (80,806)	\$ (232)	\$ 14,899	\$ (202,881)	\$ -	\$ -	\$ (2,402)	\$ -	\$ -

TIPPECANOE VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2009 - 2010	LEP 2011 - 2012	LEP 2012 - 2013	ARRA Title I	ARRA Fed School Age	ARRA Fed Pre-School	Education Jobs	Totals
Cash and investments - beginning	\$ 11,458	\$ -	\$ 467	\$ -	\$ -	\$ -	\$ -	\$ 2,714	\$ 18,375,125
Receipts:									
Local sources	-	-	-	-	-	-	-	-	10,116,285
Intermediate sources	-	-	-	-	-	-	-	-	42,217
State sources	-	-	-	-	-	-	-	-	13,077,275
Federal sources	48,937	-	-	-	-	-	-	14,777	1,378,651
Other	-	-	-	-	-	-	-	-	199,945
Total receipts	48,937	-	-	-	-	-	-	14,777	24,814,373
Disbursements:									
Current:									
Instruction	69,206	-	467	14,699	-	-	-	20,694	12,083,175
Support services	-	-	-	-	-	-	-	(3,203)	7,105,650
Noninstructional services	-	-	-	-	-	-	-	-	1,052,242
Facilities acquisition and construction	-	-	-	-	-	-	-	-	450,104
Debt services	-	-	-	-	-	-	-	-	2,935,948
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	69,206	-	467	14,699	-	-	-	17,491	23,627,119
Excess (deficiency) of receipts over disbursements	(20,269)	-	(467)	(14,699)	-	-	-	(2,714)	1,187,254
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	56,993
Transfers out	-	-	-	-	-	-	-	-	(56,993)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,269)	-	(467)	(14,699)	-	-	-	(2,714)	1,187,254
Cash and investments - ending	\$ (8,811)	\$ -	\$ -	\$ (14,699)	\$ -	\$ -	\$ -	\$ -	\$ 19,562,379

TIPPECANOE VALLEY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
2002 Building Corporation	Middle School	\$ 371,000	01-05-03	01-05-14
2004 Building Corporation	High School	1,225,000	01-15-05	01-05-24
2005 Building Corporation	Mentone Elementary School	840,000	01-15-06	01-15-18
2011 Building Corporation	Wind Turbine	<u>348,000</u>	01-15-12	01-15-26
Total of annual lease payments		<u>\$ 2,784,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable:			
Common School Loan		<u>\$ 570,000</u>	<u>\$ 82,000</u>

TIPPECANOE VALLEY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2013

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and buildings	\$ 37,419,388
Improvements other than buildings	15,324,651
Machinery, equipment, and vehicles	<u>4,971,835</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 57,715,874</u></u>

TIPPECANOE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. As of December 31, 2012, the last full month of employment of Sherri Adamson, the former Treasurer, the bank account reconciliation identified a cash shortage in the amount of \$61,615.05. Through subsequent attempts at reconciliation, current officials were able to reduce the unidentified cash short to \$45,136.90 as of May 31, 2013. This same difference has been maintained through the November 2013 reconciliation, which is the last month reconciled as of the date of this report.

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

ERRORS ON CLAIMS

Of the claims tested, 16 percent did not have adequate supporting documentation. This procedural error resulted in \$135,683.33 of expenditures which did not have adequate supporting documentation. \$129,974.78 of the \$135,683.33 was for transfers from one fund to another within the School Corporation.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COLLECTIVE BARGAINING AGREEMENT

The collective bargaining agreement presented for audit included the following subjects not authorized by Indiana Code 20-29-6-4:

1. Mandated hours and preparation time for teachers.
2. Management rights.
3. Association rights.

TIPPECANOE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

4. Reduction of teaching staff.
5. Salary provisions related to the frequency and timing of payments.
6. The superseding and canceling of previous agreements, and provisions if contrary to law.

In addition, the contract term ended August 14, 2015, which extends beyond the current biennium of June 30, 2015.

Indiana Code 20-29-6-4 states:

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

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

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

Indiana Code 20-29-6-4.5 states:

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

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

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

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

TIPPECANOE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

SBOA will review school corporations' collective bargaining agreements during the audit process to determine whether the agreements contained prohibited subjects of bargaining. . . . Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines Volume 198, June 2012)

TEXTBOOK RENTAL - HIGH SCHOOL

For the 2012-2013 and 2013-2014 school years, some students at the High School were being improperly charged for classes they either dropped or added. Refunds or charges were improperly calculated by the software and consequently not applied in a timely manner. The High School has been in communication with their software vendor over the last few months attempting to correct this problem. As of December 10, 2013, they believe the problem has been corrected for the 2012-2013 school year and they are in the process of recalculating all textbook rental charges for the 2013-2014 school year. Any refunds or charges due will be applied or billed at that time.

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

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

SPECIAL SUPPLEMENTAL REPORT

A special investigation was conducted by the Indiana State Board of Accounts that resulted in a Special Supplemental Report dated April 18, 2013. This report covers the period January 1, 2010 to January 31, 2013, and was filed as Report B42304 and is available through our website at www.in.gov/sboa/. This report of the Tippecanoe Valley School Corporation contains seven examination results and comments, including charges, pertaining to the former School Corporation Treasurer. The School Corporation's response to the comments is also contained within the report.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TIPPECANOE VALLEY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Tippecanoe Valley 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, 2011 to June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance 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 2013-2 and 2013-3 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Paul D. Joyce, CPA
State Examiner

December 10, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

TIPPECANOE VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553			
			FY 2012	\$ 158,986	\$ -
			FY 2013	-	145,986
				<u>158,986</u>	<u>145,986</u>
Total - School Breakfast Program				<u>158,986</u>	<u>145,986</u>
National School Lunch Program	Indiana Department of Education	10.555			
			FY2012	569,348	-
			FY2013	-	558,435
				<u>569,348</u>	<u>558,435</u>
Total - National School Lunch Program				<u>569,348</u>	<u>558,435</u>
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY2012	33,352	-
			FY2013	-	31,477
				<u>33,352</u>	<u>31,477</u>
Total - Summer Food Service Program for Children				<u>33,352</u>	<u>31,477</u>
Total - Child Nutrition Cluster				<u>761,686</u>	<u>735,898</u>
Total - U.S. Department of Agriculture				<u>761,686</u>	<u>735,898</u>
<u>U.S. Department of Education</u>					
Title I, Part A Cluster Title I Grants to Local Education Agencies	Indiana Department of Education	84.010			
			12-4445	320,541	88,861
			13-4445	-	184,066
				<u>320,541</u>	<u>272,927</u>
Total - Title I, Part A Cluster				<u>320,541</u>	<u>272,927</u>
Special Education Cluster (IDEA) Special Education - Grants to States	Indiana Department of Education	84.027			
	Warsaw Community Schools		FY 2011	63,114	-
			FY 2012	295,016	155,039
			FY 2013	-	107,200
				<u>358,130</u>	<u>331,593</u>
Total - Special Education - Grants to States				<u>358,130</u>	<u>331,593</u>

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

TIPPECANOE VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Warsaw Community Schools	84.173			
			FY 2011	1,137	-
			FY 2012	10,587	-
			FY 2013	-	8,167
				<u>11,724</u>	<u>8,167</u>
Total - Special Education - Preschool Grants				<u>11,724</u>	<u>8,167</u>
ARRA - Special Education - Grants to States, Recovery Act	Warsaw Community Schools	84.391	FY 2009-2011	<u>167,884</u>	-
Total - Special Education Cluster (IDEA)				<u>537,738</u>	<u>339,760</u>
Safe and Drug Free Schools and Communities - State Grant	Indiana Department of Education	84.186	FY 2010-2011	<u>4,585</u>	-
English Language Acquisition State Grants	Indiana Department of Education	84.365	FY 11/12	<u>10,056</u>	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 10/11	75,129	-
			FY 11/12	-	48,933
Total - Improving Teacher Quality State Grants				<u>75,129</u>	<u>48,933</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 11/12	<u>399,191</u>	<u>14,777</u>
Total - U.S. Department of Education				<u>1,347,240</u>	<u>676,397</u>
Total federal awards expended				<u>\$ 2,108,926</u>	<u>\$ 1,412,295</u>

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

TIPPECANOE VALLEY 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 Tippecanoe Valley 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 15,251	\$ 10,723
National School Lunch Program	10.555	54,776	40,747

TIPPECANOE VALLEY 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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
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?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
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

Section II – Financial Statement Findings

FINDING 2013-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

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

TIPPECANOE VALLEY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Number: 10.553; 10.555; 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012, FY 2013

Pass-Through Entity: Indiana Department of Education

Management of the Tippecanoe Valley School Corporation (School Corporation) has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs, Eligibility and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

TIPPECANOE VALLEY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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, or 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 states in part:

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 the compliance requirements that have a direct and material effect to the program.

FINDING 2013-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EDUCATION JOBS FUND

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): FY 11/12
Pass-Through Entity: Indiana Department of Education

Management of the Tippecanoe Valley School Corporation (School Corporation) has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs, Cash Management, Period of Availability, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or 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.

TIPPECANOE VALLEY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

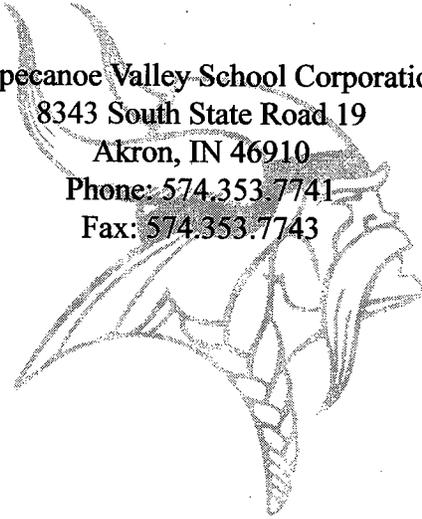
OMB Circular A-133, Subpart C, section .300 states in part:

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with 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.

Tippecanoe Valley School Corporation
8343 South State Road 19
Akron, IN 46910
Phone: 574.353.7741
Fax: 574.353.7743



Mr. Brett R. Boggs, Ed.S.
Superintendent

Dr. Daniel V. Kramer, Ph.D.
Assistant Superintendent

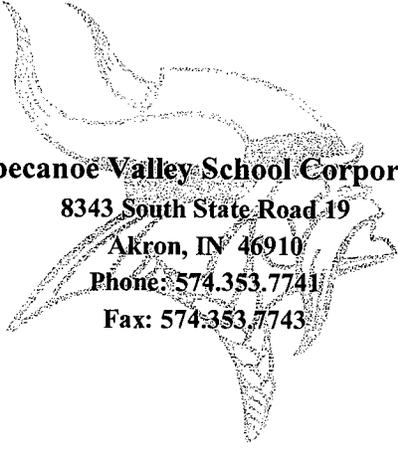
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number 2011-02</u>	Internal Controls over Financial Transactions and Reporting
Original SBA Audit Report Number:	B39958
Fiscal Year	July 1, 2009 to June 30, 2011
Auditee Contact Person	Jessica McFarland
Title of Contact Person	Corporation Treasurer
Phone Number	574-353-7741

Status of Finding:

Several new control procedures have been implemented since Audit Finding 2011-02. Controls have been put in place for payroll authorization/preparation, purchasing and or credit card use, accounts payable and cash receipts. It should be noted, however, that the controls are an attempt to segregate duties as much as practical. Because the school corporation is a small unit, segregating all duties are difficult, and at times, not cost efficient. Procedures are continuously monitored and are improved or modified as they are identified.

Prepared by: Brett R. Boggs
Signature: Brett R. Boggs
Date: October 7, 2013



Tippecanoe Valley School Corporation

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Phone: 574.353.7741

Fax: 574.353.7743

Mr. Brett R. Boggs, Ed.S.
Superintendent

Dr. Daniel V. Kramer, Ph.D.
Assistant Superintendent

Corrective Action Plan

Auditee Contact Person
Title of Contact Person
Phone Number

Jessica McFarland
Corporation Treasurer
574-353-7741

Section II-Financial Statement Findings

Finding 2013-1 – Internal Controls over Financial Transactions

Several new control procedures have and will be implemented in response to Audit Finding 2013-1. Controls have been put in place for payroll authorization/preparation, purchasing and or credit card use, accounts payable, and cash receipts. It should be noted, however, that the controls are an attempt to segregate duties as much as practical. Because the school corporation is a small unit, segregating all duties are difficult, and at times, not cost efficient. Procedures are continuously monitored and improved or modified as they are identified.

Item #3 states, "The School Board has not performed either an ongoing or separate evaluation of their system of internal controls." In consulting with the Indiana School Boards Association and the Indiana Association of School Business Officials, TVSC School Board President Bryan Murphy reported that neither group could locate any legal requirements for a School Board to have specific policies and practices for the review of internal controls. The TVSC Board of School Trustees requests further guidance from the State Board of Accounts in the performance of an ongoing or separate evaluation of the system's internal controls.

Section III-Federal Award Findings and Questioned Costs

Finding 2013-2 – Internal Controls Over Compliance Requirements that Have a Direct and Material Effect on the Child Nutrition Cluster

Existing controls will be reviewed and changed according to recommendations from the State Board of Accounts auditors. Again, because the school corporation is a small unit, segregating

all duties is difficult, and at times, not cost efficient. It is the intent of Tippecanoe Valley School Corporation (TVSC) to comply with all rules and regulations set by the State Board of Accounts.

Finding 2013-3 – Internal Controls Over Compliance Requirements that Have a Direct and Material Effect to the Education Jobs Fund

TVSC was vigilant in following the Initial Guidance for States on the Education Jobs Fund Program from the United States Department of Education as well as guidance provided by the Indiana Department of Education for the expenditure of funds provided by the Education Jobs Fund Program. Documentation was provided as requested demonstrating the compliance requirements were fully met.

Although the Education Jobs Fund Program was a one-time grant awarded to the school corporation, TVSC will take the recommendations provided by the State Board of Accounts and apply them to other federal grants awarded to TVSC. Existing controls will be reviewed, changed and implemented to address the internal control comment. It is the intent of Tippecanoe Valley School Corporation (TVSC) to comply with all rules and regulations set by the State Board of Accounts.



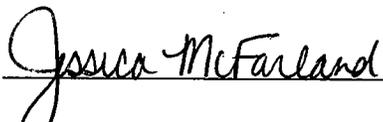
Bryan Murphy, School Board President

12/10/13
Date



Brett R. Boggs, Superintendent

12-10-13
Date



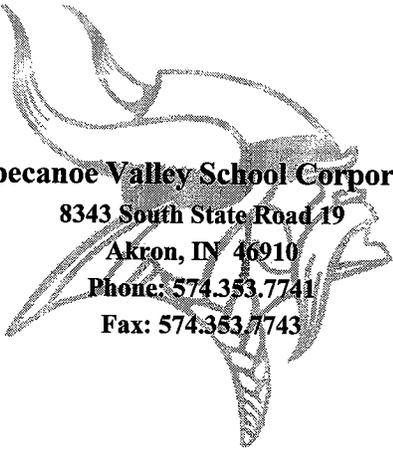
Jessica McFarland, Corporation Treasurer

12-10-13
Date

CORRECTIVE ACTION PLAN – 12-10-13

TIPPECANOE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2013, with Bryan Murphy, President of the School Board; Brett Boggs, Superintendent of Schools; Dan Kramer, Assistant Superintendent of Schools; and Jessica McFarland, Treasurer. The Official Response has been made a part of this report and may be found on page 53.



Tippecanoe Valley School Corporation

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Mr. Brett R. Boggs, Ed.S.
Superintendent

Dr. Daniel V. Kramer, Ph.D.
Assistant Superintendent

OFFICIAL RESPONSE

December 20, 2013

State Board of Accounts
302 West Washington Street
Room E 481
Indianapolis, IN 46204-2765

Dear State Board of Accounts:

This letter is to serve as the "Official Response" of the Tippecanoe Valley School Corporation in regard to the Examination Results and Comments presented December 10, 2013 by a representative of the State Board of Accounts.

The Audit Results cover the period of July 1, 2011 through June 30, 2013. It should be noted the school corporation's previous treasurer, Sherri Adamson, served in that capacity through January 7, 2013, slightly more than 75% of the time period covered by the recently completed audit. It was duly noted in the Special Supplemental Report (for the period of January 1, 2010 to January 31, 2013) filed by the State Board of Accounts on June 14, 2013 following Mrs. Adamson's death that undocumented checks issued by the former treasurer to herself or her personal credit card company with no valid supporting documentation totaled \$34,916.63. The same report also noted undocumented credit card charges by the former treasurer which had no documentation to support the validity of charges totaling \$245,625.15. A significant portion of the misuse of public funds by Mrs. Adamson occurred during the time of transition from the retirement of the previous deputy treasurer to the hiring of a new deputy treasurer when Mrs. Adamson assumed the responsibilities of both positions.

During the emergency audit conducted by the State Board of Accounts, as details of the misuse of public funds by the former treasurer were discovered, immediate actions were taken at that time to correct the conditions and prevent a recurrence. Internal controls over the disbursing, recording, and accounting for the financial activities related to the disbursement of vendor checks and the processing and payment of credit cards were immediately reevaluated. The TVSC recognizes internal controls must be in place which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Internal controls associated with the segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are in place.

Every effort continues to be made to ensure proper procedures are followed for disbursing, recording, and accounting for the financial activities of the TVSC according to the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9.

Sincerely,



Brett R. Boggs
Superintendent