

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA
July 1, 2011 to June 30, 2013



FILED
07/25/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judy Roslansky	07-01-11 to 12-31-14
Superintendent of Schools	Norm Kleist Tim Somers	07-01-11 to 06-30-12 07-01-12 to 06-30-15
President of the School Board	Tim Guse	07-01-11 to 12-31-14



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TRI-TOWNSHIP CONSOLIDATED
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

We have examined the accompanying financial statement of the Tri-Township Consolidated School Corporation (School Corporation), for the period of July 1, 2011 to June 30, 2013. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

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, on the basis of accounting described in Note 1.

Our examination 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, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 13, 2014

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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.

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TRI-TOWNSHIP CONSOLIDATED 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	\$ -	\$ 4,037,876	\$ 2,800,372	\$ 753,695	\$ 1,991,199	\$ 2,458,177	\$ 2,583,586	\$ 10,374	\$ 1,876,164
Capital Projects	-	681,079	527,142	308,851	462,788	377,779	483,794	(256,459)	100,314
School Transportation	-	109,632	784	(139,127)	(30,279)	85,773	52,486	-	3,008
School Bus Replacement	-	239,573	114,361	48,388	173,600	132,588	83,033	(147,000)	76,155
Rainy Day	-	128,910	252,406	(36,317)	(159,813)	14,177	222,547	393,491	25,308
Construction	-	2,038,330	-	-	2,038,330	-	75,563	-	1,962,767
School Lunch	-	180,672	179,857	30,936	31,751	189,087	168,069	(4,046)	48,723
Textbook Rental	-	39,078	27,786	(1,848)	9,444	51,852	37,277	-	24,019
Child Care Program	-	6,383	3,115	-	3,268	7,515	6,304	-	4,479
Educational License Plates	-	19	-	1,275	1,294	-	-	-	1,294
Miscellaneous Programs	-	-	-	(15)	(15)	-	-	15	-
Drug Free Communities	-	-	70	174	104	-	-	-	104
Gifted and Talented	-	-	18,389	38,723	20,334	-	-	-	20,334
Title I	-	31,535	43,351	6,217	(5,599)	54,600	53,389	1,499	(2,889)
Innovative Education Program Strategies Title V (Part A)	-	-	-	2,222	2,222	-	-	-	2,222
Drug Free Schools	-	911	2,455	1,544	-	-	-	-	-
Class Size Reduction	-	-	-	(11,494)	(11,494)	-	-	11,494	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	19,712	12,861	(3,031)	3,820	6,151	5,979	(400)	3,592
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	-	(100)	(100)	-	-	100	-
Rural Schools and Low Income Program - Pass Through State	-	30,117	32,030	(650)	(2,563)	51,574	39,943	(9,068)	-
Education Jobs	-	113,823	130,820	16,997	-	2,324	2,324	-	-
Payroll Clearing	-	664,427	629,898	-	34,529	662,272	672,811	-	23,990
Totals	\$ -	\$ 8,322,077	\$ 4,775,697	\$ 1,016,440	\$ 4,562,820	\$ 4,093,869	\$ 4,487,105	\$ -	\$ 4,169,584

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

TRI-TOWNSHIP CONSOLIDATED 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.

TRI-TOWNSHIP CONSOLIDATED 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:

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

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

TRI-TOWNSHIP CONSOLIDATED 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 Capitol 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 grants with expenditures which are reimbursed in the subsequent year. Some funds show deficits in cash as of June 30, 2012, in which the shortfall in funding was replenished in the subsequent year.

Note 8. New School

The School Corporation began operations July 1, 2011. Receipts for the year ended June 30, 2012, include \$2,867,591 transferred from the former school corporation, Dewey-Prairie Consolidated School Corporation. Other financing sources (uses) include \$1,043,184 transferred from the former Cass Township School Corporation.

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *LaPorte County Property Taxes*

For several years, LaPorte County has been unable to establish approved assessment amounts for county-wide properties. This has caused delays in billing, collecting, and distributing property taxes. It is undeterminable how much property tax collections the School Corporation will receive once all the reconciliation bills have been collected and the collections distributed to local units.

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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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

TRI-TOWNSHIP CONSOLIDATED 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	981,469	681,079	109,632	239,573	128,910	2,038,330	108,021	30,057
Intermediate sources	20,345	-	-	-	-	-	-	-
State sources	3,036,062	-	-	-	-	-	3,283	9,021
Federal sources	-	-	-	-	-	-	69,368	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>4,037,876</u>	<u>681,079</u>	<u>109,632</u>	<u>239,573</u>	<u>128,910</u>	<u>2,038,330</u>	<u>180,672</u>	<u>39,078</u>
Disbursements:								
Current:								
Instruction	1,708,268	572	-	-	21	-	-	-
Support services	1,005,536	467,655	784	114,361	252,385	-	1,463	27,786
Noninstructional services	86,563	-	-	-	-	-	178,391	-
Facilities acquisition and construction	-	58,915	-	-	-	-	-	-
Debt services	5	-	-	-	-	-	3	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>2,800,372</u>	<u>527,142</u>	<u>784</u>	<u>114,361</u>	<u>252,406</u>	<u>-</u>	<u>179,857</u>	<u>27,786</u>
Excess (deficiency) of receipts over disbursements	<u>1,237,504</u>	<u>153,937</u>	<u>108,848</u>	<u>125,212</u>	<u>(123,496)</u>	<u>2,038,330</u>	<u>815</u>	<u>11,292</u>
Other financing sources (uses):								
Transfers in	770,726	321,850	(139,127)	48,388	(36,317)	-	30,936	(1,848)
Transfers out	<u>(17,031)</u>	<u>(12,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>753,695</u>	<u>308,851</u>	<u>(139,127)</u>	<u>48,388</u>	<u>(36,317)</u>	<u>-</u>	<u>30,936</u>	<u>(1,848)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,991,199</u>	<u>462,788</u>	<u>(30,279)</u>	<u>173,600</u>	<u>(159,813)</u>	<u>2,038,330</u>	<u>31,751</u>	<u>9,444</u>
Cash and investments - ending	<u>\$ 1,991,199</u>	<u>\$ 462,788</u>	<u>\$ (30,279)</u>	<u>\$ 173,600</u>	<u>\$ (159,813)</u>	<u>\$ 2,038,330</u>	<u>\$ 31,751</u>	<u>\$ 9,444</u>

TRI-TOWNSHIP CONSOLIDATED 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)

	Child Care Program	Educational License Plates	Miscellaneous Programs	Drug Free Communities	Gifted and Talented	Title I	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	6,383	19	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	31,535	-	911
Other	-	-	-	-	-	-	-	-
Total receipts	6,383	19	-	-	-	31,535	-	911
Disbursements:								
Current:								
Instruction	3,018	-	-	70	18,389	43,230	-	2,455
Support services	97	-	-	-	-	121	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,115	-	-	70	18,389	43,351	-	2,455
Excess (deficiency) of receipts over disbursements	3,268	19	-	(70)	(18,389)	(11,816)	-	(1,544)
Other financing sources (uses):								
Transfers in	-	1,275	(15)	174	38,723	6,217	2,222	2,870
Transfers out	-	-	-	-	-	-	-	(1,326)
Total other financing sources (uses)	-	1,275	(15)	174	38,723	6,217	2,222	1,544
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,268	1,294	(15)	104	20,334	(5,599)	2,222	-
Cash and investments - ending	\$ 3,268	\$ 1,294	\$ (15)	\$ 104	\$ 20,334	\$ (5,599)	\$ 2,222	\$ -

TRI-TOWNSHIP CONSOLIDATED 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)

	Class Size Reduction	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools and Low Income Program Pass Through State	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	4,323,473
Intermediate sources	-	-	-	-	-	-	20,345
State sources	-	-	-	-	-	-	3,048,366
Federal sources	-	19,712	-	30,117	113,823	-	265,466
Other	-	-	-	-	-	664,427	664,427
Total receipts	-	19,712	-	30,117	113,823	664,427	8,322,077
Disbursements:							
Current:							
Instruction	-	2,686	-	3,133	130,820	-	1,912,662
Support services	-	10,175	-	28,897	-	-	1,909,260
Noninstructional services	-	-	-	-	-	-	264,954
Facilities acquisition and construction	-	-	-	-	-	-	58,915
Debt services	-	-	-	-	-	-	8
Nonprogrammed charges	-	-	-	-	-	629,898	629,898
Total disbursements	-	12,861	-	32,030	130,820	629,898	4,775,697
Excess (deficiency) of receipts over disbursements	-	6,851	-	(1,913)	(16,997)	34,529	3,546,380
Other financing sources (uses):							
Transfers in	(11,494)	6,925	(100)	(650)	16,997	-	1,057,752
Transfers out	-	(9,956)	-	-	-	-	(41,312)
Total other financing sources (uses)	(11,494)	(3,031)	(100)	(650)	16,997	-	1,016,440
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,494)	3,820	(100)	(2,563)	-	34,529	4,562,820
Cash and investments - ending	\$ (11,494)	\$ 3,820	\$ (100)	\$ (2,563)	\$ -	\$ 34,529	\$ 4,562,820

TRI-TOWNSHIP CONSOLIDATED 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,991,199	\$ 462,788	\$ (30,279)	\$ 173,600	\$ (159,813)	\$ 2,038,330	\$ 31,751	\$ 9,444
Receipts:								
Local sources	93,666	377,779	85,773	132,588	14,177	-	108,831	42,256
Intermediate sources	6,199	-	-	-	-	-	-	-
State sources	2,348,551	-	-	-	-	-	2,865	9,596
Federal sources	9,761	-	-	-	-	-	77,391	-
Other	-	-	-	-	-	-	-	-
Total receipts	2,458,177	377,779	85,773	132,588	14,177	-	189,087	51,852
Disbursements:								
Current:								
Instruction	1,759,724	958	-	-	-	-	-	175
Support services	738,038	472,567	52,486	83,033	222,547	75,563	2,031	19,238
Noninstructional services	85,824	-	-	-	-	-	166,038	-
Facilities acquisition and construction	-	10,269	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	172
Nonprogrammed charges	-	-	-	-	-	-	-	17,692
Total disbursements	2,583,586	483,794	52,486	83,033	222,547	75,563	168,069	37,277
Excess (deficiency) of receipts over disbursements	(125,409)	(106,015)	33,287	49,555	(208,370)	(75,563)	21,018	14,575
Other financing sources (uses):								
Transfers in	11,703	4,046	-	-	405,000	-	-	-
Transfers out	(1,329)	(260,505)	-	(147,000)	(11,509)	-	(4,046)	-
Total other financing sources (uses)	10,374	(256,459)	-	(147,000)	393,491	-	(4,046)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(115,035)	(362,474)	33,287	(97,445)	185,121	(75,563)	16,972	14,575
Cash and investments - ending	\$ 1,876,164	\$ 100,314	\$ 3,008	\$ 76,155	\$ 25,308	\$ 1,962,767	\$ 48,723	\$ 24,019

TRI-TOWNSHIP CONSOLIDATED 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)

	Child Care Program	Educational License Plates	Miscellaneous Programs	Drug Free Communities	Gifted and Talented	Title I	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools
Cash and investments - beginning	\$ 3,268	\$ 1,294	\$ (15)	\$ 104	\$ 20,334	\$ (5,599)	\$ 2,222	\$ -
Receipts:								
Local sources	7,515	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	54,600	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	7,515	-	-	-	-	54,600	-	-
Disbursements:								
Current:								
Instruction	5,599	-	-	-	-	53,389	-	-
Support services	705	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,304	-	-	-	-	53,389	-	-
Excess (deficiency) of receipts over disbursements	1,211	-	-	-	-	1,211	-	-
Other financing sources (uses):								
Transfers in	-	-	15	104	20,335	(3,277)	2,222	-
Transfers out	-	-	-	(104)	(20,335)	4,776	(2,222)	-
Total other financing sources (uses)	-	-	15	-	-	1,499	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,211	-	15	-	-	2,710	-	-
Cash and investments - ending	\$ 4,479	\$ 1,294	\$ -	\$ 104	\$ 20,334	\$ (2,889)	\$ 2,222	\$ -

TRI-TOWNSHIP CONSOLIDATED 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)

	Class Size Reduction	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools and Low Income Program Pass Through State	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (11,494)	\$ 3,820	\$ (100)	\$ (2,563)	\$ -	\$ 34,529	\$ 4,562,820
Receipts:							
Local sources	-	-	-	-	-	-	862,585
Intermediate sources	-	-	-	-	-	-	6,199
State sources	-	-	-	-	-	-	2,361,012
Federal sources	-	6,151	-	51,574	2,324	-	201,801
Other	-	-	-	-	-	662,272	662,272
Total receipts	-	6,151	-	51,574	2,324	662,272	4,093,869
Disbursements:							
Current:							
Instruction	-	4,506	-	39,920	2,324	-	1,866,595
Support services	-	1,473	-	23	-	-	1,667,704
Noninstructional services	-	-	-	-	-	-	251,862
Facilities acquisition and construction	-	-	-	-	-	-	10,269
Debt services	-	-	-	-	-	-	172
Nonprogrammed charges	-	-	-	-	-	672,811	690,503
Total disbursements	-	5,979	-	39,943	2,324	672,811	4,487,105
Excess (deficiency) of receipts over disbursements	-	172	-	11,631	-	(10,539)	(393,236)
Other financing sources (uses):							
Transfers in	11,494	6,709	100	(5,140)	-	-	453,311
Transfers out	-	(7,109)	-	(3,928)	-	-	(453,311)
Total other financing sources (uses)	11,494	(400)	100	(9,068)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,494	(228)	100	2,563	-	(10,539)	(393,236)
Cash and investments - ending	\$ -	\$ 3,592	\$ -	\$ -	\$ -	\$ 23,990	\$ 4,169,584

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Compensation and benefits were paid to 8 of 12 employees included in our test, or 67 percent, who were not included on the salary ordinance, resolution, contract, or agreement approved by the School Board.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ERRORS ON CLAIMS

Our test of claims identified the following deficiencies with an error rate greater than 10 percent:

1. Claims were not prepared for 36 percent of disbursements tested. This error resulted in \$4,175 of the \$24,253 expenditures included in our test which were not supported by a proper claim.
2. Of the claims tested 28 percent did not have adequate supporting documentation. This error resulted in \$4,595 of the \$24,253 expenditures included in our test which did not have adequate supporting documentation.
3. Of the claims tested, 50 percent did not have School Board approval. This error resulted in \$8,475 of the \$24,253 expenditures included in our test which did not have proper School Board approval. No payroll expenditures were approved by the School Board.
4. Of the claims tested, 93 percent did not have proper approval by the fiscal officer. This error resulted in \$20,253 of the \$24,253 of expenditures included in our test which did not have proper approval by the fiscal officer. Payroll expenditures also did not have proper approval by the fiscal officer.

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.

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

(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."

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid late payment penalties and interest to the Indiana Department of Workforce Development in the amount of \$657.48 and finance charges to Paw Prints Publishing in the amount of \$165.49 because the School Corporation did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2014, with Judy Roslansky, Treasurer; Tim Somers, Superintendent of Schools; and Tim Guse, President of the School Board. The Official Response has been made a part of this report and may be found on pages 25 and 26.



Tri-Township Consolidated School Corporation

Tim Somers
Superintendent

LaCrosse and Wanatah Schools

Judy Roslansky
Treasurer

Dara Guse
Assistant Treasurer

PO Box 249
Wanatah, IN 46390
219-754-2709, Fax 219-754-2793

OFFICIAL RESPONSE

January 22, 2014

1. ERRORS ON CLAIMS

On January 16, 2014 salary schedules were adopted by the board for the following employees:

Paraprofessionals
Bus Drivers
Kitchen Staff
School Nurse
Janitorial Staff

These schedules were approved by the board and will be the basis for salaries going forward. Any other employee who does not fit into the above mentioned categories will have a contract with a salary approved by the board.

In the future all claims will have proper documentation before payment is made. All claims will have proper approval by the board. The monthly claim docket will include all payroll expenditures as requested by the auditor.

2. PENALTIES, INTEREST, AND OTHER CHARGES

During the consolidation process a late penalty was incurred by the corporation due to an error in requesting "reimbursable" status with The Department of Workforce Development. The status was quickly corrected however, the late penalty was enforced. In the future the corporation will work diligently to insure no late payments are incurred.

Signed: Judy Roslansky
Judy Roslansky, Treasurer

Signed: Tim Somers
Tim Somers, Superintendent