

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRITON SCHOOL CORPORATION  
MARSHALL COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
08/14/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet Barker Michelle Babcock	07-01-12 to 06-03-14 06-04-14 to 12-31-15
Superintendent of Schools	Donna J. Burroughs	07-01-12 to 06-30-15
President of the School Board	Deborah Shively Amy Middaugh	01-01-12 to 12-31-12 01-01-13 to 12-31-15



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TRITON SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the Triton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

***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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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.


*Other Information*

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 and Schedule of Leases and Debt, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2015, 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.

  
Paul D. Joyce, CPA  
State Examiner

June 9, 2015



**STATE OF INDIANA**  
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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 TRITON SCHOOL CORPORATION, MARSHALL 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 Triton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated June 9, 2015, 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 items 2014-001 and 2014-002 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

***Triton School Corporation's Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying 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

June 9, 2015

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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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TRITON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ (168,387)	\$ 6,228,258	\$ 5,767,230	\$ -	\$ 292,641	\$ 6,203,086	\$ 6,148,997	\$ -	\$ 346,730
Debt Service	357,271	650,485	619,070	(8,597)	380,089	518,622	1,124,602	(48,067)	(273,958)
Retirement/Severance Bond Debt Service	54,289	169,409	186,750	-	36,948	209,879	174,970	-	71,857
Capital Projects	423,485	774,939	849,763	-	348,661	826,260	959,738	-	215,183
School Transportation	346,681	553,641	500,077	-	400,245	485,185	481,589	(57,000)	346,841
School Bus Replacement	161,112	65,594	158,256	-	68,450	99,942	95,346	-	73,046
Rainy Day	39,458	-	-	-	39,458	-	-	57,000	96,458
Construction 2010A Lease	26,407	-	26,407	-	-	-	-	-	-
Construction 2010B QSCB	17,325	-	17,325	-	-	-	-	-	-
School Lunch	275,938	418,525	395,487	-	298,976	518,040	547,882	-	269,134
Textbook Rental	(57,931)	89,505	67,513	8,597	(27,342)	88,438	105,661	48,067	3,502
Early Intervention Grant	25,687	9,753	28,930	-	6,510	9,990	10,579	-	5,921
Marshall County Community Foundation	-	12,500	13,282	-	(782)	12,500	9,583	-	2,135
MCCF Grant	-	-	-	-	-	10,500	10,500	-	-
High Ability Grant	23,174	27,944	27,639	-	23,479	27,380	33,337	-	17,522
Secured School Safety Grant	-	-	-	-	-	-	26,259	-	(26,259)
Non-English Speaking Programs P.L. 273-1999	2,587	2,385	5,165	-	(193)	2,909	2,285	-	431
School Technology	9,557	16,560	10,880	-	15,237	15,858	22,671	-	8,424
Senator David Ford Technology	-	950	950	-	-	-	-	-	-
Excess PTRC Distributions	8,697	-	-	-	8,697	-	-	-	8,697
Title I 2012-2013	-	75,562	107,918	-	(32,356)	115,705	83,349	-	-
Title I 2013-2014	-	-	-	-	-	62,479	90,660	-	(28,181)
Title I 2010-2011	(11,988)	11,988	-	-	-	-	-	-	-
Title I 2011-2012	(50,158)	83,908	33,750	-	-	-	-	-	-
IDEA	6,379	-	6,379	-	-	-	-	-	-
Medicaid Reimbursement - Federal	-	-	-	-	-	3,874	2,153	-	1,721
Improving Teaching Quality, No Child Left, Title II, Part A	(11,854)	89,355	87,210	-	(9,709)	42,783	53,778	-	(20,704)
Title III - Language Instruction	(1,109)	4,710	3,870	-	(269)	3,570	4,612	-	(1,311)
Education Jobs	-	102,942	102,942	-	-	-	-	-	-
School Lunch Reimbursements - Clearing Account	26,758	223,326	205,040	-	45,044	271,817	290,518	-	26,343
Payroll	168,013	1,809,760	2,079,556	-	(101,783)	2,089,168	2,039,401	-	(52,016)
Totals	<u>\$ 1,671,391</u>	<u>\$ 11,421,999</u>	<u>\$ 11,301,389</u>	<u>\$ -</u>	<u>\$ 1,792,001</u>	<u>\$ 11,617,985</u>	<u>\$ 12,318,470</u>	<u>\$ -</u>	<u>\$ 1,091,516</u>

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

TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include but are not limited to the following sources:

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

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

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

TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include but are not limited to the following uses:

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

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

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

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

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

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

*F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses may include but are not limited to 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.

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.

TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*H. Joint Ventures*

The School Corporation is a participant in a joint venture to operate North Central Area Vocational Cooperative which was created to provide programs and services for vocational education. The North Central Area Vocational Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the North Central Area Vocational Cooperative can be obtained from the administrative office of Culver Community Schools at 222 N. Ohio Street, Culver, IN 46511.

The School Corporation is a participant in a joint venture to operate Joint Educational Services in Special Education (JESSE) which was created to provide programs and services for the handicapped. JESSE's continued existence depends on continued funding by the School Corporation. Complete financial statements for JESSE can be obtained from the administrative office of JESSE at 324 N. Kingston Road, Plymouth, IN 46563.

The School Corporation is a participant in a joint venture to operate Northern Indiana Educational Services Center (NIESC) which was created to provide educational services to the member schools. NIESC's continued existence depends on continued funding by the School Corporation. In 2010, the State of Indiana discontinued its funding of the NIESC. Complete financial statements for the NIESC can be obtained from the administrative office at 56535 Magnetic Drive, Mishawaka, IN 46545.

**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



TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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.

TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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  
One North Capitol, 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.

*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  
One North Capitol, 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.

TRITON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 7. Cash and Investment Balance Deficits**

The financial statement contains funds with deficits in cash. This is a result of the funds being set up for reimbursable grants or an underestimation of current requirements. These deficits will be repaid from future receipts.

**Note 8. Holding Corporation**

The School Corporation has entered into capital leases with the Triton School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$570,000 and \$1,011,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

TRITON 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction 2010A Lease
Cash and investments - beginning	\$ (168,387)	\$ 357,271	\$ 54,289	\$ 423,485	\$ 346,681	\$ 161,112	\$ 39,458	\$ 26,407
Receipts:								
Local sources	73,233	650,485	169,409	774,939	544,029	65,594	-	-
Intermediate sources	256	-	-	-	-	-	-	-
State sources	5,932,329	-	-	-	9,612	-	-	-
Federal sources	222,440	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>6,228,258</u>	<u>650,485</u>	<u>169,409</u>	<u>774,939</u>	<u>553,641</u>	<u>65,594</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	3,878,694	-	-	-	-	-	-	-
Support services	1,748,924	-	-	510,728	500,077	158,256	-	-
Noninstructional services	139,612	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	339,035	-	-	-	26,407
Debt services	-	619,070	186,750	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,767,230</u>	<u>619,070</u>	<u>186,750</u>	<u>849,763</u>	<u>500,077</u>	<u>158,256</u>	<u>-</u>	<u>26,407</u>
Excess (deficiency) of receipts over disbursements	<u>461,028</u>	<u>31,415</u>	<u>(17,341)</u>	<u>(74,824)</u>	<u>53,564</u>	<u>(92,662)</u>	<u>-</u>	<u>(26,407)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(8,597)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(8,597)</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>461,028</u>	<u>22,818</u>	<u>(17,341)</u>	<u>(74,824)</u>	<u>53,564</u>	<u>(92,662)</u>	<u>-</u>	<u>(26,407)</u>
Cash and investments - ending	<u>\$ 292,641</u>	<u>\$ 380,089</u>	<u>\$ 36,948</u>	<u>\$ 348,661</u>	<u>\$ 400,245</u>	<u>\$ 68,450</u>	<u>\$ 39,458</u>	<u>\$ -</u>

TRITON 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)

	Construction 2010B QSCB	School Lunch	Textbook Rental	Early Intervention Grant	Marshall County Community Foundation	MCCF Grant	High Ability Grant	Secured School Safety Grant
Cash and investments - beginning	\$ 17,325	\$ 275,938	\$ (57,931)	\$ 25,687	\$ -	\$ -	\$ 23,174	\$ -
Receipts:								
Local sources	-	418,525	58,203	-	12,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	31,302	9,753	-	-	27,944	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	418,525	89,505	9,753	12,500	-	27,944	-
Disbursements:								
Current:								
Instruction	-	-	-	28,930	-	-	27,639	-
Support services	-	-	67,513	-	13,282	-	-	-
Noninstructional services	-	395,487	-	-	-	-	-	-
Facilities acquisition and construction	17,325	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	17,325	395,487	67,513	28,930	13,282	-	27,639	-
Excess (deficiency) of receipts over disbursements	(17,325)	23,038	21,992	(19,177)	(782)	-	305	-
Other financing sources (uses):								
Transfers in	-	-	8,597	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	8,597	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,325)	23,038	30,589	(19,177)	(782)	-	305	-
Cash and investments - ending	\$ -	\$ 298,976	\$ (27,342)	\$ 6,510	\$ (782)	\$ -	\$ 23,479	\$ -

TRITON 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 Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 2012-2013	Title I 2013-2014	Title I 2010-2011	Title I 2011-2012
Cash and investments - beginning	\$ 2,587	\$ 9,557	\$ -	\$ 8,697	\$ -	\$ -	\$ (11,988)	\$ (50,158)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	2,385	16,560	950	-	-	-	-	-
Federal sources	-	-	-	-	75,562	-	11,988	83,908
Other	-	-	-	-	-	-	-	-
Total receipts	2,385	16,560	950	-	75,562	-	11,988	83,908
Disbursements:								
Current:								
Instruction	-	-	-	-	106,418	-	-	32,701
Support services	5,165	-	950	-	-	-	-	-
Noninstructional services	-	-	-	-	1,500	-	-	1,049
Facilities acquisition and construction	-	10,880	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,165	10,880	950	-	107,918	-	-	33,750
Excess (deficiency) of receipts over disbursements	(2,780)	5,680	-	-	(32,356)	-	11,988	50,158
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,780)	5,680	-	-	(32,356)	-	11,988	50,158
Cash and investments - ending	\$ (193)	\$ 15,237	\$ -	\$ 8,697	\$ (32,356)	\$ -	\$ -	\$ -



TRITON 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)

	IDEA	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	School Lunch Reimbursements Clearing Account	Payroll	Totals
Cash and investments - beginning	\$ 6,379	\$ -	\$ (11,854)	\$ (1,109)	\$ -	\$ 26,758	\$ 168,013	\$ 1,671,391
Receipts:								
Local sources	-	-	-	-	-	-	-	2,766,917
Intermediate sources	-	-	-	-	-	-	-	256
State sources	-	-	-	-	-	-	-	6,030,835
Federal sources	-	-	89,355	4,710	102,942	-	-	590,905
Other	-	-	-	-	-	223,326	1,809,760	2,033,086
Total receipts	-	-	89,355	4,710	102,942	223,326	1,809,760	11,421,999
Disbursements:								
Current:								
Instruction	-	-	85,610	3,870	102,942	-	-	4,266,804
Support services	6,379	-	1,600	-	-	-	-	3,012,874
Noninstructional services	-	-	-	-	-	-	-	537,648
Facilities acquisition and construction	-	-	-	-	-	-	-	393,647
Debt services	-	-	-	-	-	-	-	805,820
Nonprogrammed charges	-	-	-	-	-	205,040	2,079,556	2,284,596
Total disbursements	6,379	-	87,210	3,870	102,942	205,040	2,079,556	11,301,389
Excess (deficiency) of receipts over disbursements	(6,379)	-	2,145	840	-	18,286	(269,796)	120,610
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	8,597
Transfers out	-	-	-	-	-	-	-	(8,597)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,379)	-	2,145	840	-	18,286	(269,796)	120,610
Cash and investments - ending	\$ -	\$ -	\$ (9,709)	\$ (269)	\$ -	\$ 45,044	\$ (101,783)	\$ 1,792,001

TRITON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction 2010A Lease
Cash and investments - beginning	\$ 292,641	\$ 380,089	\$ 36,948	\$ 348,661	\$ 400,245	\$ 68,450	\$ 39,458	\$ -
Receipts:								
Local sources	99,613	518,622	209,879	826,260	479,988	93,766	-	-
Intermediate sources	175	-	-	-	-	-	-	-
State sources	5,888,309	-	-	-	5,197	-	-	-
Federal sources	214,989	-	-	-	-	-	-	-
Other	-	-	-	-	-	6,176	-	-
Total receipts	<u>6,203,086</u>	<u>518,622</u>	<u>209,879</u>	<u>826,260</u>	<u>485,185</u>	<u>99,942</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	4,221,733	-	-	-	-	-	-	-
Support services	1,778,831	-	-	537,276	481,589	95,346	-	-
Noninstructional services	148,433	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	422,462	-	-	-	-
Debt services	-	1,124,602	174,970	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>6,148,997</u>	<u>1,124,602</u>	<u>174,970</u>	<u>959,738</u>	<u>481,589</u>	<u>95,346</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>54,089</u>	<u>(605,980)</u>	<u>34,909</u>	<u>(133,478)</u>	<u>3,596</u>	<u>4,596</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	57,000	-
Transfers out	-	(48,067)	-	-	(57,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(48,067)</u>	<u>-</u>	<u>-</u>	<u>(57,000)</u>	<u>-</u>	<u>57,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>54,089</u>	<u>(654,047)</u>	<u>34,909</u>	<u>(133,478)</u>	<u>(53,404)</u>	<u>4,596</u>	<u>57,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 346,730</u>	<u>\$ (273,958)</u>	<u>\$ 71,857</u>	<u>\$ 215,183</u>	<u>\$ 346,841</u>	<u>\$ 73,046</u>	<u>\$ 96,458</u>	<u>\$ -</u>

TRITON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Construction 2010B QSCB	School Lunch	Textbook Rental	Early Intervention Grant	Marshall County Community Foundation	MCCF Grant	High Ability Grant	Secured School Safety Grant
Cash and investments - beginning	\$ -	\$ 298,976	\$ (27,342)	\$ 6,510	\$ (782)	\$ -	\$ 23,479	\$ -
Receipts:								
Local sources	-	518,040	58,236	-	12,500	10,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	30,202	9,990	-	-	27,380	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	518,040	88,438	9,990	12,500	10,500	27,380	-
Disbursements:								
Current:								
Instruction	-	-	-	10,579	2,456	10,500	33,337	-
Support services	-	-	105,661	-	7,127	-	-	-
Noninstructional services	-	547,882	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	26,259
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	547,882	105,661	10,579	9,583	10,500	33,337	26,259
Excess (deficiency) of receipts over disbursements	-	(29,842)	(17,223)	(589)	2,917	-	(5,957)	(26,259)
Other financing sources (uses):								
Transfers in	-	-	48,067	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	48,067	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(29,842)	30,844	(589)	2,917	-	(5,957)	(26,259)
Cash and investments - ending	\$ -	\$ 269,134	\$ 3,502	\$ 5,921	\$ 2,135	\$ -	\$ 17,522	\$ (26,259)

TRITON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 2012-2013	Title I 2013-2014	Title I 2010-2011	Title I 2011-2012
Cash and investments - beginning	\$ (193)	\$ 15,237	\$ -	\$ 8,697	\$ (32,356)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	2,909	15,858	-	-	-	-	-	-
Federal sources	-	-	-	-	115,705	62,479	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>2,909</u>	<u>15,858</u>	<u>-</u>	<u>-</u>	<u>115,705</u>	<u>62,479</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	83,278	89,060	-	-
Support services	2,285	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	71	1,600	-	-
Facilities acquisition and construction	-	22,671	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>2,285</u>	<u>22,671</u>	<u>-</u>	<u>-</u>	<u>83,349</u>	<u>90,660</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>624</u>	<u>(6,813)</u>	<u>-</u>	<u>-</u>	<u>32,356</u>	<u>(28,181)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>624</u>	<u>(6,813)</u>	<u>-</u>	<u>-</u>	<u>32,356</u>	<u>(28,181)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 431</u>	<u>\$ 8,424</u>	<u>\$ -</u>	<u>\$ 8,697</u>	<u>\$ -</u>	<u>\$ (28,181)</u>	<u>\$ -</u>	<u>\$ -</u>

TRITON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	IDEA	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	School Lunch Reimbursements Clearing Account	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (9,709)	\$ (269)	\$ -	\$ 45,044	\$ (101,783)	\$ 1,792,001
Receipts:								
Local sources	-	-	-	-	-	-	-	2,827,404
Intermediate sources	-	-	-	-	-	-	-	175
State sources	-	-	-	-	-	-	-	5,979,845
Federal sources	-	3,874	42,783	3,570	-	-	-	443,400
Other	-	-	-	-	-	271,817	2,089,168	2,367,161
Total receipts	-	3,874	42,783	3,570	-	271,817	2,089,168	11,617,985
Disbursements:								
Current:								
Instruction	-	2,153	48,067	4,612	-	-	-	4,505,775
Support services	-	-	5,711	-	-	-	-	3,013,826
Noninstructional services	-	-	-	-	-	-	-	697,986
Facilities acquisition and construction	-	-	-	-	-	-	-	471,392
Debt services	-	-	-	-	-	-	-	1,299,572
Nonprogrammed charges	-	-	-	-	-	290,518	2,039,401	2,329,919
Total disbursements	-	2,153	53,778	4,612	-	290,518	2,039,401	12,318,470
Excess (deficiency) of receipts over disbursements	-	1,721	(10,995)	(1,042)	-	(18,701)	49,767	(700,485)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	105,067
Transfers out	-	-	-	-	-	-	-	(105,067)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,721	(10,995)	(1,042)	-	(18,701)	49,767	(700,485)
Cash and investments - ending	\$ -	\$ 1,721	\$ (20,704)	\$ (1,311)	\$ -	\$ 26,343	\$ (52,016)	\$ 1,091,516

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TRITON SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Triton School Building Corporation	Building and Technology Improvements	\$ 447,000	6/30/2014	12/31/2017
Triton School Building Corporation	Building Improvements	<u>4,500</u>	7/15/2011	1/15/2022
Total of annual lease payments		<u><u>\$ 451,500</u></u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2004 Pension Bonds	\$ 180,000	\$ 187,844
Notes and loans payable	Advancement of Common School Fund Loan #A1382	31,256	21,098
Notes and loans payable	Advancement of Common School Fund Loan #A1520	<u>48,850</u>	<u>32,974</u>
Totals		<u><u>\$ 260,106</u></u>	<u><u>\$ 241,916</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TRITON SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Triton 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, 2012 to June 30, 2014. 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, 2012 to June 30, 2014.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying 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.

**Report on Internal Control Over Compliance**

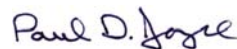
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 2014-003 and 2014-004 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 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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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TRITON SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13, FY 13-14	\$ 35,610	\$ 43,975
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13, FY 13-14	210,154	243,691
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 12-13, FY 13-14	<u>7,294</u>	<u>6,610</u>
Total - Department of Agriculture				<u>253,058</u>	<u>294,276</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-5495 13-5495 14-5495	33,750 75,562 -	- 115,705 <u>62,479</u>
Total - Title I, Part A Cluster				<u>109,312</u>	<u>178,184</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States					
FY2013 Part B 611	Indiana Department of Education	84.027	14213-134-PN01	209,797	-
FY2014 Part B 611			14214-134-PN01	-	197,962
FY2011 Part B 611 TA			99911-134-TA01	6,379	-
FY2014 Part B 611 TA			99914-134-TA01	-	<u>4,777</u>
Total - Special Education - Grants to States				<u>216,176</u>	<u>202,739</u>
Special Education - Preschool Grants					
FY2013 Part B 619	Indiana Department of Education	84.173	45713-134-PN01	8,545	-
FY2014 Part B 619			45714-134-PN01	-	<u>8,152</u>
Total - Special Education - Preschool Grants				<u>8,545</u>	<u>8,152</u>
Total - Special Education Cluster (IDEA)				<u>224,721</u>	<u>210,891</u>
Career and Technical Education - Basic Grants to States	Culver Community Schools	84.048	FY 12-13, FY 13-14	<u>4,098</u>	<u>4,098</u>
English Language Acquisition State Grants	Bremen Public Schools	84.365	FY 11-12, FY 12-13	<u>3,601</u>	<u>3,570</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY2010 FY2011	34,946 <u>42,555</u>	- <u>42,783</u>
Total - Improving Teacher Quality State Grants				<u>77,501</u>	<u>42,783</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 12-13	<u>102,942</u>	-
Total - Department of Education				<u>522,175</u>	<u>439,526</u>
Total federal awards expended				<u>\$ 775,233</u>	<u>\$ 733,802</u>

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

TRITON 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 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ 35,478	\$ 28,326



TRITON 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?	yes

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:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster (IDEA)

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 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING**

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipts and cash and investment balances. One person is responsible for issuing receipts and preparing the bank deposit. One person is also solely responsible for performing the bank reconciliations. The duties are performed without an oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.

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)

***FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA were not detected.

The School Corporation did not report federal expenditures of \$775,233 for the school year ending June 30, 2013, on the SEFA presented for audit. The federal expenditures reported for the school year ending June 30, 2014, did not include a total of \$58,097 from three federal programs; however, it did include a \$9,990 state grant in error. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

***FINDING 2014-003 - CASH MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027 and 84.173

Federal Award Years: FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation has not designed or implemented adequate policies or procedures to ensure that reimbursement requests agreed with expenditures made during the period covered by the request. The Special Education grants were not accounted for in separate funds; they were accounted for in the General fund. None of the seven reimbursement requests submitted during the audit period agreed with actual program expenditures. Reimbursement requests for the period totaled \$435,612, while expenditures that supported the requests totaled \$423,485. An additional \$332,821 was disbursed from the General fund for special education related expenditures during the audit period.

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 programs.

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

34 CFR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls and ensure compliance with the grant agreement and the Cash Management and Reporting requirements of the programs.

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2014-004 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

Federal Agency: Department of Education

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

CFDA Numbers: 10.553, 10.555, and 10.559

Federal Award Years: FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect on the programs: Eligibility, Equipment and Real Property Management, Program Income, and Special Tests and Provisions (Verifications and School Food Accounts). 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 programs.

*Eligibility*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that eligibility for free and reduced price meals are accurately determined. Currently the application information is entered into the food service software which automatically makes the determination dependent upon the information entered into the software. There was no segregation of duties, such as an oversight, review or approval process to ensure that the information entered into the food service software is correct or that the determination is correct.

*Equipment and Real Property Management*

The School Corporation has not established policies or procedures to ensure that records for equipment purchased from the School Lunch fund were maintained in compliance with the Equipment and Real Property Management requirements.

*Program Income*

The School Corporation has not established policies or procedures to ensure that the program income reported for the School Lunch fund was accurate based on the number and type of paid meals served. A separate fund to account for prepaid meals was not established.

*Special Test and Provisions - Verification of Free and Reduced Price Meal Applications*

The School Corporation has not designed or implemented adequate policies or procedures to ensure that applications for free and reduced price lunches are verified as required by the program requirements. An oversight or review process has not been established to ensure verification of the applications.

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Special Test and Provisions - School Food Accounts*

The School Corporation has not designed or implemented adequate policies or procedures to ensure that all revenues and expenditures of its non-profit school food service are accounted for in accordance with state requirements. There is no oversight or review process over monthly reimbursements transferred to the Extra-Curricular Account Lunchroom Funds at the Elementary and High Schools.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of 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 programs. 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 on the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect on the programs.

***FINDING 2014-005 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, and 10.559

Federal Award Years: FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

The School Corporation did not maintain or update its property records as of June 30, 2014. Equipment totaling \$47,500 purchased from the School Lunch fund was not recorded in the property records of the School Corporation. In addition, a physical inventory of the equipment was not taken.

TRITON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.32(d) states in part:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years . . ."

Failure to maintain detailed and accurate property records and to reconcile physical inventory could result in equipment being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation prepare and maintain accurate detailed property records and that inventories of equipment are conducted at least once every two years and reconciled to the detailed property records. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any equipment acquired with federal funds must be designated as such so that they are not disposed of improperly.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

# Triton School Corporation

Administration Office  
100 Triton Drive

Bourbon, IN 46504-1801

Phone: 574-342-2255 Fax: 574-342-8165

[www.triton.k12.in.us](http://www.triton.k12.in.us)



Donna Burroughs, Superintendent  
Michelle Babcock, Treasurer/Business Manager  
Anita Haines, Receptionist/Payroll  
Mindy Klotz, Corporation Secretary/Transportation Director

Ted Fisher, Technology Director  
Bruce Gephart, Maintenance Director  
Mason McIntyre, Athletic Director

## CORRECTIVE ACTION PLAN

### FINDING 2014-001 – FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Michelle Babcock, Business Manager  
Contact Phone Number: 574-342-2255

#### Description of Corrective Action Plan:

1. The process established to control the activities of financial receipts and cash and investment balances: The Business Manager will make deposits and receipts. First the Payroll/HR Coordinator will process the bank statement verifying all deposits, receipts, checks and fund report are accurate by signing off on the statement and reports. Secondly, the Superintendent will verify the bank statement and reports by signing off on the statement and reports. Thirdly, the Business Manager will verify and sign off on bank statement and reports that support the financial reports.
2. Internal control of the building level treasurer reports will be conducted in the same manner, with the Building Level Treasurer making deposits, and processing the bank statement, with second signature from Building Level Principal. The building level treasurer's will then provide a financial report to the administration office for review on a monthly basis.

Anticipated Completion Date: July 31, 2015

Michelle Babcock  
(Signature)

Business Manager  
(Title)

June 4, 2015  
(Date)

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*Mason McIntyre, Athletic Director*

## CORRECTIVE ACTION PLAN

### **FINDING 2014-002 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Contact Person Responsible for Corrective Action: Michelle Babcock, Business Manager  
Contact Phone Number: 574-342-2255

#### Description of Corrective Action Plan:

The Business Manager with the assistance of the Director of Curriculum, Title I Coordinator and Food Service Building Managers will compile a list of all federal awards each fiscal year.

The Business Manager will prepare the Schedule of Expenditures of Federal Awards as required at the end of each fiscal year. The Business Manager will provide the list of all federal awards for the fiscal year to the Superintendent who will review all documentation supporting the Schedule's contents for accuracy and completeness prior to the Schedule's submission.

Anticipated Completion Date: July 31, 2015

*Michelle Babcock*  
\_\_\_\_\_  
(Signature)

*Business Manager*  
\_\_\_\_\_  
(Title)

*June 4, 2015*  
\_\_\_\_\_  
(Date)

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*Ted Fisher, Technology Director*

*Bruce Gephart, Maintenance Director*

*Mason McIntyre, Athletic Director*

## CORRECTIVE ACTION PLAN

### **FINDING 2014-003 – CASH MANAGEMENT AND REPORTING**

Contact Person Responsible for Corrective Action: Michelle Babcock, Business Manager

Contact Phone Number: 574-342-2255

#### Description of Corrective Action Plan:

The Business Manager with the assistance of the Grant Coordinators will set up separate funds and appropriations based on the approved grant budget and compliance requirements.

The Business Manager prepares the reimbursement requests on a monthly basis/bi-monthly basis with supporting documentation such as fund report, payroll history summary (if applicable), expenditure report and revenue history report to match up with what has been received/requested to date of the reimbursement request. Prior to submitting request, the Business Manager provides all documentation pertaining to reimbursement request to the Superintendent for review and for signature of approval of accuracy. After verification is complete, Business Manager signs the reimbursement request and then the grant is submitted, documentation is kept with grant file for future review.

Monthly appropriation reports and expenditure reports are provided to the Grant Coordinators for review, accountability and reporting purposes.

Anticipated Completion Date: July 31, 2015

Michelle Babcock  
(Signature)

Business Manager  
(Title)

June 4, 2015  
(Date)

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*Bruce Gephart, Maintenance Director*  
*Mason McIntyre, Athletic Director*

## CORRECTIVE ACTION PLAN

### ***FINDING 2014-004 – INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

Contact Person Responsible for Corrective Action: Michelle Babcock, Business Manager  
Contact Phone Number: 574-342-2255

#### Description of Corrective Action Plan:

The Business Manager will train building level cafeteria managers and treasurers on the processing of the Free and Reduced Meal application. The building level treasurers will process the applications that are not submitted through the online application software and the building level cafeteria managers or the building level Administrators will review the completed applications for accuracy.

The building level cafeteria managers will maintain a list of equipment purchased from the School Lunch fund in compliance with the Equipment and Real Property Management requirements. The building level treasurers and/or Administrators will verify the accuracy of the list. After review a copy will be provided to the Business Manager for review and recorded on the Corporation inventory list.

The building level treasurers will set up a separate fund to account for prepaid lunches. The building level cafeteria managers will report the number and type of paid meals served. The building level treasurers will verify the report is accurate and report to central office secretary who will also verify the accuracy before entering the report.

The building level treasurers will conduct the verification as required, supporting documentation will be provided for review and accuracy to the building level administrator, and the central office administration who will keep record of the filing.

The building level treasurers will provide a detailed list of lunch fund deposits for each building cafeteria and report it on a monthly basis to the Business Manager for review and accountability. In addition, reports containing daily record of cash received and daily record of meals and milk served will also be provided along with the lunch fund deposit. All expenditures for both the Jr/Sr High School and the Elementary cafeteria will be processed at the central office through fund 800, in which all claims will be board reviewed and approved.

The Business Manager will conduct a meeting with the Building level Treasurer's and Cafeteria Managers to address these issues of Internal Control and if necessary make adjustments for better control and feasibility.

Anticipated Completion Date: August 31, 2015

Michelle Bowers  
(Signature)

Business Manager  
(Title)

June 4, 2015  
(Date)

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*Ted Fisher, Technology Director*  
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*Mason McIntyre, Athletic Director*

## CORRECTIVE ACTION PLAN

### **FINDING 2014-005 – EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Contact Person Responsible for Corrective Action: Michelle Babcock, Business Manager  
Contact Phone Number: 574-342-2255

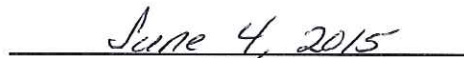
#### Description of Corrective Action Plan:

The School Corporation will prepare and maintain an accurate detailed property records with inventories of equipment conducted at least once every two years and reconciled to the detailed property records. Any significant differences will be investigated and the appropriate adjustments made to the records. Equipment acquired with federal funds will be designated on the report so they are not disposed of improperly.

Anticipated Completion Date: August 31, 2015

  
(Signature)

  
(Title)

  
(Date)

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.