

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF  
TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION  
LAPORTE COUNTY, INDIANA  
July 1, 2013 to June 30, 2014



**FILED**  
02/12/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith Roslansky	07-01-13 to 12-31-15
Superintendent of Schools	Timothy P. Somers	07-01-13 to 06-30-16
President of the School Board	Timothy Guse	07-01-13 to 12-31-15



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Tri-Township Consolidated School Corporation (School Corporation), for the period of July 1, 2013 to June 30, 2014. 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, 2013 to June 30, 2014.

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, 2013 to June 30, 2014, 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 Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

October 14, 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.

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),  
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2014

	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,876,164	\$ 2,469,714	\$ 2,541,154	\$ (1,116)	\$ 1,803,608
Capital Projects	100,314	836,766	381,595	(4,115)	551,370
School Transportation	3,008	438,661	168,062	-	273,607
School Bus Replacement	76,155	249,362	127,047	-	198,470
Rainy Day	25,308	282	163,901	-	(138,311)
Construction	1,962,767	404	18	-	1,963,153
School Lunch	48,723	167,543	166,175	-	50,091
Textbook Rental	24,019	63,301	70,091	-	17,229
Child Care Program	4,479	5,226	5,236	-	4,469
Educational License Plates	1,294	-	-	-	1,294
Drug Free Communities	104	-	-	-	104
Miscellaneous Programs	20,334	-	21,418	-	(1,084)
Title I	(2,889)	41,887	52,034	5,231	(7,805)
Innovative Education Program Strategies Title V (Part A)	2,222	-	-	-	2,222
Improving Teaching Quality, No Child Left, Title II, Part A	3,592	11,639	8,021	-	7,210
Rural Schools and Low Income Program - Pass Through State	-	37,946	44,141	-	(6,195)
Payroll Clearing	23,990	634,172	631,130	-	27,032
Totals	<u>\$ 4,169,584</u>	<u>\$ 4,956,903</u>	<u>\$ 4,380,023</u>	<u>\$ -</u>	<u>\$ 4,746,464</u>

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.

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

*F. Other Financing Sources and Uses*

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

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.

TRI-TOWNSHIP CONSOLIDATED 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.

**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 Plan**

*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.

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Most are the result of an Indiana Department of Education policy requiring the School Corporation to first expend appropriations prior to submitting requests for reimbursement. Some funds show deficits in cash as of June 30, 2014, in which the shortfall in funding was replenished in the subsequent year. The School Corporation did not receive local property tax distributions in calendar year 2013.

**Note 8. Subsequent Events**

The School Corporation has entered into a capital lease with Tri-Township Consolidated School Building Corporation. 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. The first lease payment was made in July of 2015.

**Note 9. Other Postemployment Benefits**

The School Corporation offers an Early Retirement Incentive to teachers in which \$7,774 is paid towards their insurance or into an annuity each year up to age 65. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Report 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 Report of the School Corporation which is 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 other 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, 2014

	General	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 1,876,164	\$ 100,314	\$ 3,008	\$ 76,155	\$ 25,308	\$ 1,962,767
Receipts:						
Local sources	91,637	836,766	438,661	249,362	282	404
Intermediate sources	28,598	-	-	-	-	-
State sources	2,331,037	-	-	-	-	-
Federal sources	18,442	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>2,469,714</u>	<u>836,766</u>	<u>438,661</u>	<u>249,362</u>	<u>282</u>	<u>404</u>
Disbursements:						
Current:						
Instruction	1,676,794	400	-	-	-	-
Support services	774,940	354,018	168,062	127,047	163,901	18
Noninstructional services	89,420	-	-	-	-	-
Facilities acquisition and construction	-	27,177	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>2,541,154</u>	<u>381,595</u>	<u>168,062</u>	<u>127,047</u>	<u>163,901</u>	<u>18</u>
Excess (deficiency) of receipts over disbursements	<u>(71,440)</u>	<u>455,171</u>	<u>270,599</u>	<u>122,315</u>	<u>(163,619)</u>	<u>386</u>
Other financing sources (uses):						
Transfers in	4,115	-	-	-	-	-
Transfers out	<u>(5,231)</u>	<u>(4,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,116)</u>	<u>(4,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(72,556)</u>	<u>451,056</u>	<u>270,599</u>	<u>122,315</u>	<u>(163,619)</u>	<u>386</u>
Cash and investments - ending	<u>\$ 1,803,608</u>	<u>\$ 551,370</u>	<u>\$ 273,607</u>	<u>\$ 198,470</u>	<u>\$ (138,311)</u>	<u>\$ 1,963,153</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, 2014  
 (Continued)

	School Lunch	Textbook Rental	Child Care Program	Educational License Plates	Drug Free Communities	Miscellaneous Programs
Cash and investments - beginning	\$ 48,723	\$ 24,019	\$ 4,479	\$ 1,294	\$ 104	\$ 20,334
Receipts:						
Local sources	96,263	52,776	5,226	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	2,546	10,525	-	-	-	-
Federal sources	68,734	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>167,543</u>	<u>63,301</u>	<u>5,226</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	75	200	4,720	-	-	-
Support services	5,958	69,891	516	-	-	21,418
Noninstructional services	160,142	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>166,175</u>	<u>70,091</u>	<u>5,236</u>	<u>-</u>	<u>-</u>	<u>21,418</u>
Excess (deficiency) of receipts over disbursements	<u>1,368</u>	<u>(6,790)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(21,418)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,368</u>	<u>(6,790)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(21,418)</u>
Cash and investments - ending	<u>\$ 50,091</u>	<u>\$ 17,229</u>	<u>\$ 4,469</u>	<u>\$ 1,294</u>	<u>\$ 104</u>	<u>\$ (1,084)</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, 2014  
 (Continued)

	Title I	Innovative Education Program Strategies Title V (Part A)	Improving Teaching Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Payroll Clearing	Totals
Cash and investments - beginning	\$ (2,889)	\$ 2,222	\$ 3,592	\$ -	\$ 23,990	\$ 4,169,584
Receipts:						
Local sources	-	-	-	-	-	1,771,377
Intermediate sources	-	-	-	-	-	28,598
State sources	-	-	-	-	-	2,344,108
Federal sources	41,887	-	11,639	37,946	-	178,648
Other	-	-	-	-	634,172	634,172
Total receipts	<u>41,887</u>	<u>-</u>	<u>11,639</u>	<u>37,946</u>	<u>634,172</u>	<u>4,956,903</u>
Disbursements:						
Current:						
Instruction	52,034	-	5,862	44,141	-	1,784,226
Support services	-	-	2,159	-	-	1,687,928
Noninstructional services	-	-	-	-	-	249,562
Facilities acquisition and construction	-	-	-	-	-	27,177
Interfund loans	-	-	-	-	631,130	631,130
Total disbursements	<u>52,034</u>	<u>-</u>	<u>8,021</u>	<u>44,141</u>	<u>631,130</u>	<u>4,380,023</u>
Excess (deficiency) of receipts over disbursements	<u>(10,147)</u>	<u>-</u>	<u>3,618</u>	<u>(6,195)</u>	<u>3,042</u>	<u>576,880</u>
Other financing sources (uses):						
Transfers in	5,231	-	-	-	-	9,346
Transfers out	-	-	-	-	-	(9,346)
Total other financing sources (uses)	<u>5,231</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>(4,916)</u>	<u>-</u>	<u>3,618</u>	<u>(6,195)</u>	<u>3,042</u>	<u>576,880</u>
Cash and investments - ending	<u>\$ (7,805)</u>	<u>\$ 2,222</u>	<u>\$ 7,210</u>	<u>\$ (6,195)</u>	<u>\$ 27,032</u>	<u>\$ 4,746,464</u>

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 June 30, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 56,213	\$ -

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Tri-Township Consolidated School Building Corporation	School Construction	<u>\$ 229,000</u>	7/15/2015	1/15/2025

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.