

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRI-COUNTY SCHOOL CORPORATION  
WHITE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
05/06/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement .....	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables .....	35
Schedule of Leases and Debt .....	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	45
Notes to Schedule of Expenditures of Federal Awards .....	46
Schedule of Findings and Questioned Costs .....	47-50
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	52
Corrective Action Plan .....	53-55
Other Reports.....	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha Bell	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Gilbert Crimmins Dr. Kathy Goad	07-01-12 to 01-31-14 02-01-14 to 06-30-16
President of the School Board	Don Pampel Jennifer Douglas Rachel Cantrell	07-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-16



## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statement of the Tri-County 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 as listed in the Table of Contents.

### ***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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 March 7, 2016, 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

March 7, 2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 TRI-COUNTY SCHOOL CORPORATION, WHITE 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 Tri-County 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 March 7, 2016, 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 a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Tri-County 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

March 7, 2016

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

TRI-COUNTY 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	\$ 478,857	\$ 5,373,962	\$ 5,593,395	\$ 6,417	\$ 265,841	\$ 5,195,031	\$ 5,249,881	\$ 1,659	\$ 212,650
Debt Service	479,251	2,025,771	1,849,681	(37,441)	617,900	1,745,149	1,873,975	(744)	488,330
Retirement/Severance Bond Debt Service	178,043	272,219	281,299	(4,185)	164,778	252,313	283,895	-	133,196
Capital Projects	1,151,459	1,055,594	1,123,746	(140,069)	943,238	1,143,142	1,097,653	(150,000)	838,727
School Transportation	586,898	609,647	500,127	(100,313)	596,105	548,108	544,616	(136,932)	462,665
School Bus Replacement	232,138	137,455	219,514	(182)	149,897	235,994	140,000	-	245,891
Rainy Day	1,494,941	-	256,949	250,000	1,487,992	-	279,317	350,000	1,558,675
Retirement/Severance Bond	1,742,534	3,332	152,485	-	1,593,381	2,760	373,355	-	1,222,786
Construction	1,894,366	-	1,083,677	-	810,689	-	286,221	-	524,468
School Lunch	75,189	387,099	391,922	-	70,366	401,003	384,695	-	86,674
Textbook Rental	2,685	63,878	20,073	5,771	52,261	65,649	67,893	744	50,761
Levy Excess	23,930	10,426	-	26,462	60,818	-	-	(60,818)	-
Educational License Plates	3,900	94	-	-	3,994	75	-	-	4,069
Scholarships and Awards	19,197	37	1,500	-	17,734	64	1,500	-	16,298
Miscellaneous Programs	1,030	-	1,030	-	-	-	-	-	-
Pampel Grant 2013-14	-	-	-	-	-	10,000	8,717	-	1,283
Jasper Foundation Grants	303	2,550	2,853	-	-	6,430	4,757	-	1,673
REMC Grant	19	-	19	-	-	-	-	-	-
TC Foundation Grants	8,493	8,272	8,955	-	7,810	12,587	13,169	-	7,228
Wind Farm Academic Programs	711,566	13,377	98,460	-	626,483	8,428	121,640	-	513,271
Wind Farm Employee Enhancement	728,375	13,205	85,025	-	656,555	8,598	76,084	-	589,069
Wind Farm TC Education Foundation	807,778	17,412	-	-	825,190	11,426	-	-	836,616
Donation-Life SK, Science, Academic	934	3,000	2,390	-	1,544	-	914	-	630
Fuel Up to Play 60	1,961	2,500	4,313	-	148	2,000	913	-	1,235
Melchi Memorial Fund	-	-	-	-	-	3,000	-	-	3,000
High Ability Grant 2013-14	4,938	-	4,938	-	-	27,175	20,710	-	6,465
High Ability Grant 2012-13	-	27,432	22,674	-	4,758	-	4,758	-	-
Drug Free Communities	3,076	6,710	4,967	-	4,819	7,084	6,297	-	5,606
Medicaid Reimbursement	1,956	3,952	-	(5,908)	-	157	-	(157)	-
Non-English Speaking Programs P.L. 273-1999	20	-	-	-	20	-	-	-	20
School Technology	49,761	14,767	17,121	-	47,407	17,014	18,999	-	45,422
Performance Based Awards	-	-	-	-	-	44,860	44,860	-	-
RUS Match Fund	41,685	-	34,964	-	6,721	-	6,721	-	-
Logistics Donation Fund	-	10,000	-	-	10,000	-	780	-	9,220
Northern Indiana Superintendent Club	-	-	-	-	-	6,350	6,350	-	-
Monsanto Ag Fund	-	-	-	-	-	10,000	9,352	-	648
Agriscience-NAAE	-	-	-	-	-	1,500	1,312	-	188
Title I - FY 2012 (11-12)	(1,686)	6,298	4,612	-	-	-	-	-	-
Title I - FY 2013 (12-13)	-	100,996	113,707	-	(12,711)	21,060	8,349	-	-
Title I - FY 2014 (13-14)	-	-	-	-	-	83,295	91,356	-	(8,061)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	67,613	67,613	-	-	62,468	62,468	-	-
Medicaid Reimbursement - Federal	60,261	7,380	1,929	-	65,712	294	2,219	-	63,787
RUS Federal Grant	-	69,070	69,070	-	-	4,850	4,850	-	-
Improving Teaching Quality SY13 (14-15)	-	15,046	15,046	-	-	23,175	23,175	-	-
Improving Teaching Quality SY12 (13-14)	-	21,957	21,957	-	-	3,496	3,496	-	-
Education Jobs	-	3,678	3,678	-	-	-	-	-	-
Prepaid Food	4,423	188,375	188,218	-	4,580	173,551	174,030	-	4,101
Payroll Withholding	13,028	1,624,874	1,649,944	-	(12,042)	1,599,291	1,568,978	-	18,271
Fringe Benefit Clearing Fund	-	1,080	1,080	-	-	1,785	1,785	-	-
<b>Totals</b>	<b>\$ 10,801,309</b>	<b>\$ 12,169,058</b>	<b>\$ 13,898,931</b>	<b>\$ 552</b>	<b>\$ 9,071,988</b>	<b>\$ 11,739,162</b>	<b>\$ 12,870,040</b>	<b>\$ 3,752</b>	<b>\$ 7,944,862</b>

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

TRI-COUNTY 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-COUNTY 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 includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

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

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

*F. Other Financing Sources and Uses*

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

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

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
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.

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
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.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Some are the result of reimbursements of grant expenditures that were not received as of June 30, 2013 and 2014. The Payroll Withholding fund deficit was due to a duplicate payment of state and county payroll withholding taxes which was corrected by applying the overpayment to future tax payments.

**Note 8. Holding Corporation**

The School Corporation has entered into capital leases with the Tri-County 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 \$1,173,000 and \$1,176,000, respectively.

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

**Note 9. Subsequent Events**

A \$1,700,000 General Obligation Construction Bond was issued in December 2014, to be paid in 2015. Also, a \$2,000,000 General Obligation Construction Bond was issued in June 2015, to be paid in 2016.

**Note 10. Other Postemployment Benefits**

The School Corporation provides health insurance to eligible retirees and their spouses. These benefits pose a liability to the School Corporation through its Pension Bond Fund for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

## 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.

TRI-COUNTY 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	Retirement/ Severance Bond
Cash and investments - beginning	\$ 478,857	\$ 479,251	\$ 178,043	\$ 1,151,459	\$ 586,898	\$ 232,138	\$ 1,494,941	\$ 1,742,534
Receipts:								
Local sources	133,046	2,025,771	272,219	1,055,594	609,647	137,455	-	3,332
Intermediate sources	786	-	-	-	-	-	-	-
State sources	5,240,130	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,373,962</u>	<u>2,025,771</u>	<u>272,219</u>	<u>1,055,594</u>	<u>609,647</u>	<u>137,455</u>	<u>-</u>	<u>3,332</u>
Disbursements:								
Current:								
Instruction	3,734,477	-	-	-	-	-	85,692	-
Support services	1,836,103	-	-	947,374	500,127	219,514	171,257	152,485
Noninstructional services	22,815	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	176,372	-	-	-	-
Debt services	-	1,849,681	281,299	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,593,395</u>	<u>1,849,681</u>	<u>281,299</u>	<u>1,123,746</u>	<u>500,127</u>	<u>219,514</u>	<u>256,949</u>	<u>152,485</u>
Excess (deficiency) of receipts over disbursements	<u>(219,433)</u>	<u>176,090</u>	<u>(9,080)</u>	<u>(68,152)</u>	<u>109,520</u>	<u>(82,059)</u>	<u>(256,949)</u>	<u>(149,153)</u>
Other financing sources (uses):								
Sale of capital assets	509	-	-	43	-	-	-	-
Transfers in	5,908	-	-	-	34,356	-	250,000	-
Transfers out	-	(37,441)	(4,185)	(140,112)	(134,669)	(182)	-	-
Total other financing sources (uses)	<u>6,417</u>	<u>(37,441)</u>	<u>(4,185)</u>	<u>(140,069)</u>	<u>(100,313)</u>	<u>(182)</u>	<u>250,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(213,016)</u>	<u>138,649</u>	<u>(13,265)</u>	<u>(208,221)</u>	<u>9,207</u>	<u>(82,241)</u>	<u>(6,949)</u>	<u>(149,153)</u>
Cash and investments - ending	<u>\$ 265,841</u>	<u>\$ 617,900</u>	<u>\$ 164,778</u>	<u>\$ 943,238</u>	<u>\$ 596,105</u>	<u>\$ 149,897</u>	<u>\$ 1,487,992</u>	<u>\$ 1,593,381</u>

TRI-COUNTY 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	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ 1,894,366	\$ 75,189	\$ 2,685	\$ 23,930	\$ 3,900	\$ 19,197	\$ 1,030
Receipts:							
Local sources	-	191,266	39,050	10,426	-	37	-
Intermediate sources	-	-	-	-	94	-	-
State sources	-	5,149	24,828	-	-	-	-
Federal sources	-	189,277	-	-	-	-	-
Other	-	1,407	-	-	-	-	-
Total receipts	<u>-</u>	<u>387,099</u>	<u>63,878</u>	<u>10,426</u>	<u>94</u>	<u>37</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	20,073	-	-	-	1,030
Noninstructional services	-	391,922	-	-	-	-	-
Facilities acquisition and construction	1,083,677	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,500	-
Total disbursements	<u>1,083,677</u>	<u>391,922</u>	<u>20,073</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,030</u>
Excess (deficiency) of receipts over disbursements	<u>(1,083,677)</u>	<u>(4,823)</u>	<u>43,805</u>	<u>10,426</u>	<u>94</u>	<u>(1,463)</u>	<u>(1,030)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	5,771	60,818	-	-	-
Transfers out	-	-	-	(34,356)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,771</u>	<u>26,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,083,677)</u>	<u>(4,823)</u>	<u>49,576</u>	<u>36,888</u>	<u>94</u>	<u>(1,463)</u>	<u>(1,030)</u>
Cash and investments - ending	<u>\$ 810,689</u>	<u>\$ 70,366</u>	<u>\$ 52,261</u>	<u>\$ 60,818</u>	<u>\$ 3,994</u>	<u>\$ 17,734</u>	<u>\$ -</u>

TRI-COUNTY 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)

	Pampel Grant 2013-14	Jasper Foundation Grants	REMC Grant	TC Foundation Grants	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Education Foundation
Cash and investments - beginning	\$ -	\$ 303	\$ 19	\$ 8,493	\$ 711,566	\$ 728,375	\$ 807,778
Receipts:							
Local sources	-	2,550	-	8,272	13,377	13,205	17,412
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,550</u>	<u>-</u>	<u>8,272</u>	<u>13,377</u>	<u>13,205</u>	<u>17,412</u>
Disbursements:							
Current:							
Instruction	-	2,664	19	5,430	13,897	54,969	-
Support services	-	189	-	3,525	83,139	30,056	-
Noninstructional services	-	-	-	-	1,424	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>2,853</u>	<u>19</u>	<u>8,955</u>	<u>98,460</u>	<u>85,025</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(303)</u>	<u>(19)</u>	<u>(683)</u>	<u>(85,083)</u>	<u>(71,820)</u>	<u>17,412</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(303)</u>	<u>(19)</u>	<u>(683)</u>	<u>(85,083)</u>	<u>(71,820)</u>	<u>17,412</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,810</u>	<u>\$ 626,483</u>	<u>\$ 656,555</u>	<u>\$ 825,190</u>

TRI-COUNTY 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)

	Donation-Life SK, Science Academic	Fuel Up to Play 60	Melchi Memorial Fund	High Ability Grant 2013-14	High Ability Grant 2012-13	Drug Free Communities	Medicaid Reimbursement
Cash and investments - beginning	\$ 934	\$ 1,961	\$ -	\$ 4,938	\$ -	\$ 3,076	\$ 1,956
Receipts:							
Local sources	3,000	2,500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	6,710	-
State sources	-	-	-	-	27,432	-	3,952
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>3,000</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>27,432</u>	<u>6,710</u>	<u>3,952</u>
Disbursements:							
Current:							
Instruction	2,390	-	-	4,938	22,674	-	-
Support services	-	-	-	-	-	4,967	-
Noninstructional services	-	4,313	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,390</u>	<u>4,313</u>	<u>-</u>	<u>4,938</u>	<u>22,674</u>	<u>4,967</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>610</u>	<u>(1,813)</u>	<u>-</u>	<u>(4,938)</u>	<u>4,758</u>	<u>1,743</u>	<u>3,952</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(5,908)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,908)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>610</u>	<u>(1,813)</u>	<u>-</u>	<u>(4,938)</u>	<u>4,758</u>	<u>1,743</u>	<u>(1,956)</u>
Cash and investments - ending	<u>\$ 1,544</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,758</u>	<u>\$ 4,819</u>	<u>\$ -</u>

TRI-COUNTY 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	Performance Based Awards	RUS Match Fund	Logistics Donation Fund	Northern Indiana Superintendent Club	Monsanto Ag Fund
Cash and investments - beginning	\$ 20	\$ 49,761	\$ -	\$ 41,685	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	9,547	-	-	10,000	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	5,220	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	14,767	-	-	10,000	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	17,121	-	34,964	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	17,121	-	34,964	-	-	-
Excess (deficiency) of receipts over disbursements	-	(2,354)	-	(34,964)	10,000	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,354)	-	(34,964)	10,000	-	-
Cash and investments - ending	\$ 20	\$ 47,407	\$ -	\$ 6,721	\$ 10,000	\$ -	\$ -

TRI-COUNTY 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)

	Agriscience -NAAE	Title I - FY 2012 (11-12)	Title I - FY 2013 (12-13)	Title I - FY 2014 (13-14)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	RUS Federal Grant
Cash and investments - beginning	\$ -	\$ (1,686)	\$ -	\$ -	\$ -	\$ 60,261	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	6,298	100,996	-	67,613	7,380	69,070
Other	-	-	-	-	-	-	-
Total receipts	-	6,298	100,996	-	67,613	7,380	69,070
Disbursements:							
Current:							
Instruction	-	4,612	113,707	-	67,613	-	-
Support services	-	-	-	-	-	1,929	69,070
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	4,612	113,707	-	67,613	1,929	69,070
Excess (deficiency) of receipts over disbursements	-	1,686	(12,711)	-	-	5,451	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,686	(12,711)	-	-	5,451	-
Cash and investments - ending	\$ -	\$ -	\$ (12,711)	\$ -	\$ -	\$ 65,712	\$ -

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

	Improving Teaching Quality SY13 (14-15)	Improving Teaching Quality SY12 (13-14)	Education Jobs	Prepaid Food	Payroll Withholding	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,423	\$ 13,028	\$ -	\$ 10,801,309
Receipts:							
Local sources	-	-	-	-	-	-	4,557,706
Intermediate sources	-	-	-	-	-	-	7,590
State sources	-	-	-	-	-	-	5,306,711
Federal sources	15,046	21,957	3,678	-	-	-	481,315
Other	-	-	-	188,375	1,624,874	1,080	1,815,736
Total receipts	<u>15,046</u>	<u>21,957</u>	<u>3,678</u>	<u>188,375</u>	<u>1,624,874</u>	<u>1,080</u>	<u>12,169,058</u>
Disbursements:							
Current:							
Instruction	-	-	3,678	-	-	-	4,116,760
Support services	15,046	21,957	-	-	-	-	4,129,926
Noninstructional services	-	-	-	-	-	-	420,474
Facilities acquisition and construction	-	-	-	-	-	-	1,260,049
Debt services	-	-	-	-	-	-	2,130,980
Nonprogrammed charges	-	-	-	188,218	1,649,944	1,080	1,840,742
Total disbursements	<u>15,046</u>	<u>21,957</u>	<u>3,678</u>	<u>188,218</u>	<u>1,649,944</u>	<u>1,080</u>	<u>13,898,931</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>(25,070)</u>	<u>-</u>	<u>(1,729,873)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	552
Transfers in	-	-	-	-	-	-	356,853
Transfers out	-	-	-	-	-	-	(356,853)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>(25,070)</u>	<u>-</u>	<u>(1,729,321)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ (12,042)</u>	<u>\$ -</u>	<u>\$ 9,071,988</u>

TRI-COUNTY 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	Retirement/ Severance Bond
Cash and investments - beginning	\$ 265,841	\$ 617,900	\$ 164,778	\$ 943,238	\$ 596,105	\$ 149,897	\$ 1,487,992	\$ 1,593,381
Receipts:								
Local sources	132,695	1,745,149	252,313	1,140,738	548,108	235,994	-	2,760
Intermediate sources	877	-	-	-	-	-	-	-
State sources	5,061,459	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	2,404	-	-	-	-
Total receipts	<u>5,195,031</u>	<u>1,745,149</u>	<u>252,313</u>	<u>1,143,142</u>	<u>548,108</u>	<u>235,994</u>	<u>-</u>	<u>2,760</u>
Disbursements:								
Current:								
Instruction	3,421,407	-	-	-	-	-	140,166	-
Support services	1,810,911	-	-	881,452	544,616	140,000	139,151	373,355
Noninstructional services	17,563	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	216,201	-	-	-	-
Debt services	-	1,873,975	283,895	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,249,881</u>	<u>1,873,975</u>	<u>283,895</u>	<u>1,097,653</u>	<u>544,616</u>	<u>140,000</u>	<u>279,317</u>	<u>373,355</u>
Excess (deficiency) of receipts over disbursements	<u>(54,850)</u>	<u>(128,826)</u>	<u>(31,582)</u>	<u>45,489</u>	<u>3,492</u>	<u>95,994</u>	<u>(279,317)</u>	<u>(370,595)</u>
Other financing sources (uses):								
Sale of capital assets	1,502	-	-	-	2,250	-	-	-
Transfers in	157	-	-	-	60,818	-	350,000	-
Transfers out	-	(744)	-	(150,000)	(200,000)	-	-	-
Total other financing sources (uses)	<u>1,659</u>	<u>(744)</u>	<u>-</u>	<u>(150,000)</u>	<u>(136,932)</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(53,191)</u>	<u>(129,570)</u>	<u>(31,582)</u>	<u>(104,511)</u>	<u>(133,440)</u>	<u>95,994</u>	<u>70,683</u>	<u>(370,595)</u>
Cash and investments - ending	<u>\$ 212,650</u>	<u>\$ 488,330</u>	<u>\$ 133,196</u>	<u>\$ 838,727</u>	<u>\$ 462,665</u>	<u>\$ 245,891</u>	<u>\$ 1,558,675</u>	<u>\$ 1,222,786</u>

TRI-COUNTY 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	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ 810,689	\$ 70,366	\$ 52,261	\$ 60,818	\$ 3,994	\$ 17,734	\$ -
Receipts:							
Local sources	-	177,170	42,463	-	-	64	-
Intermediate sources	-	-	-	-	75	-	-
State sources	-	5,487	23,186	-	-	-	-
Federal sources	-	218,346	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	401,003	65,649	-	75	64	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	67,893	-	-	-	-
Noninstructional services	-	384,695	-	-	-	-	-
Facilities acquisition and construction	286,221	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,500	-
Total disbursements	286,221	384,695	67,893	-	-	1,500	-
Excess (deficiency) of receipts over disbursements	(286,221)	16,308	(2,244)	-	75	(1,436)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	744	-	-	-	-
Transfers out	-	-	-	(60,818)	-	-	-
Total other financing sources (uses)	-	-	744	(60,818)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(286,221)	16,308	(1,500)	(60,818)	75	(1,436)	-
Cash and investments - ending	\$ 524,468	\$ 86,674	\$ 50,761	\$ -	\$ 4,069	\$ 16,298	\$ -

TRI-COUNTY 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)

	Pampel Grant 2013-14	Jasper Foundation Grants	REMC Grant	TC Foundation Grants	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Education Foundation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 7,810	\$ 626,483	\$ 656,555	\$ 825,190
Receipts:							
Local sources	10,000	6,430	-	12,587	8,428	8,598	11,426
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>10,000</u>	<u>6,430</u>	<u>-</u>	<u>12,587</u>	<u>8,428</u>	<u>8,598</u>	<u>11,426</u>
Disbursements:							
Current:							
Instruction	8,717	4,757	-	11,479	49,205	53,398	-
Support services	-	-	-	1,690	71,761	22,686	-
Noninstructional services	-	-	-	-	674	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>8,717</u>	<u>4,757</u>	<u>-</u>	<u>13,169</u>	<u>121,640</u>	<u>76,084</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,283</u>	<u>1,673</u>	<u>-</u>	<u>(582)</u>	<u>(113,212)</u>	<u>(67,486)</u>	<u>11,426</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,283</u>	<u>1,673</u>	<u>-</u>	<u>(582)</u>	<u>(113,212)</u>	<u>(67,486)</u>	<u>11,426</u>
Cash and investments - ending	<u>\$ 1,283</u>	<u>\$ 1,673</u>	<u>\$ -</u>	<u>\$ 7,228</u>	<u>\$ 513,271</u>	<u>\$ 589,069</u>	<u>\$ 836,616</u>

TRI-COUNTY 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)

	Donation-Life SK, Science Academic	Fuel Up to Play 60	Melchi Memorial Fund	High Ability Grant 2013-14	High Ability Grant 2012-13	Drug Free Communities	Medicaid Reimbursement
Cash and investments - beginning	\$ 1,544	\$ 148	\$ -	\$ -	\$ 4,758	\$ 4,819	\$ -
Receipts:							
Local sources	-	2,000	3,000	-	-	-	-
Intermediate sources	-	-	-	-	-	7,084	-
State sources	-	-	-	27,175	-	-	157
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,000</u>	<u>3,000</u>	<u>27,175</u>	<u>-</u>	<u>7,084</u>	<u>157</u>
Disbursements:							
Current:							
Instruction	914	-	-	20,710	4,758	-	-
Support services	-	-	-	-	-	6,297	-
Noninstructional services	-	913	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>914</u>	<u>913</u>	<u>-</u>	<u>20,710</u>	<u>4,758</u>	<u>6,297</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(914)</u>	<u>1,087</u>	<u>3,000</u>	<u>6,465</u>	<u>(4,758)</u>	<u>787</u>	<u>157</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(157)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(914)</u>	<u>1,087</u>	<u>3,000</u>	<u>6,465</u>	<u>(4,758)</u>	<u>787</u>	<u>-</u>
Cash and investments - ending	<u>\$ 630</u>	<u>\$ 1,235</u>	<u>\$ 3,000</u>	<u>\$ 6,465</u>	<u>\$ -</u>	<u>\$ 5,606</u>	<u>\$ -</u>

TRI-COUNTY 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	Performance Based Awards	RUS Match Fund	Logistics Donation Fund	Northern Indiana Superintendent Club	Monsanto Ag Fund
Cash and investments - beginning	\$ 20	\$ 47,407	\$ -	\$ 6,721	\$ 10,000	\$ -	\$ -
Receipts:							
Local sources	-	10,786	-	-	-	6,350	10,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	6,228	44,860	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>17,014</u>	<u>44,860</u>	<u>-</u>	<u>-</u>	<u>6,350</u>	<u>10,000</u>
Disbursements:							
Current:							
Instruction	-	-	44,860	-	780	-	9,352
Support services	-	18,999	-	6,721	-	6,350	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>18,999</u>	<u>44,860</u>	<u>6,721</u>	<u>780</u>	<u>6,350</u>	<u>9,352</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,985)</u>	<u>-</u>	<u>(6,721)</u>	<u>(780)</u>	<u>-</u>	<u>648</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,985)</u>	<u>-</u>	<u>(6,721)</u>	<u>(780)</u>	<u>-</u>	<u>648</u>
Cash and investments - ending	<u>\$ 20</u>	<u>\$ 45,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 648</u>

TRI-COUNTY 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)

	Agriscience -NAAE	Title I - FY 2012 (11-12)	Title I - FY 2013 (12-13)	Title I - FY 2014 (13-14)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	RUS Federal Grant
Cash and investments - beginning	\$ -	\$ -	\$ (12,711)	\$ -	\$ -	\$ 65,712	\$ -
Receipts:							
Local sources	1,500	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	21,060	83,295	62,468	294	4,850
Other	-	-	-	-	-	-	-
Total receipts	1,500	-	21,060	83,295	62,468	294	4,850
Disbursements:							
Current:							
Instruction	1,312	-	8,349	91,356	62,468	-	-
Support services	-	-	-	-	-	2,219	4,850
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,312	-	8,349	91,356	62,468	2,219	4,850
Excess (deficiency) of receipts over disbursements	188	-	12,711	(8,061)	-	(1,925)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	188	-	12,711	(8,061)	-	(1,925)	-
Cash and investments - ending	\$ 188	\$ -	\$ -	\$ (8,061)	\$ -	\$ 63,787	\$ -

TRI-COUNTY 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)

	Improving Teaching Quality SY13 (14-15)	Improving Teaching Quality SY12 (13-14)	Education Jobs	Prepaid Food	Payroll Withholding	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,580	\$ (12,042)	\$ -	\$ 9,071,988
Receipts:							
Local sources	-	-	-	-	-	-	4,368,559
Intermediate sources	-	-	-	-	-	-	8,036
State sources	-	-	-	-	-	-	5,168,552
Federal sources	23,175	3,496	-	-	-	-	416,984
Other	-	-	-	173,551	1,599,291	1,785	1,777,031
Total receipts	<u>23,175</u>	<u>3,496</u>	<u>-</u>	<u>173,551</u>	<u>1,599,291</u>	<u>1,785</u>	<u>11,739,162</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	3,933,988
Support services	23,175	3,496	-	-	-	-	4,125,622
Noninstructional services	-	-	-	-	-	-	403,845
Facilities acquisition and construction	-	-	-	-	-	-	502,422
Debt services	-	-	-	-	-	-	2,157,870
Nonprogrammed charges	-	-	-	174,030	1,568,978	1,785	1,746,293
Total disbursements	<u>23,175</u>	<u>3,496</u>	<u>-</u>	<u>174,030</u>	<u>1,568,978</u>	<u>1,785</u>	<u>12,870,040</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(479)</u>	<u>30,313</u>	<u>-</u>	<u>(1,130,878)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	3,752
Transfers in	-	-	-	-	-	-	411,719
Transfers out	-	-	-	-	-	-	(411,719)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,752</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(479)</u>	<u>30,313</u>	<u>-</u>	<u>(1,127,126)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,101</u>	<u>\$ 18,271</u>	<u>\$ -</u>	<u>\$ 7,944,862</u>

(This page intentionally left blank.)

TRI COUNTY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 471,609</u>	<u>\$ 58,715</u>

TRI COUNTY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
TRI-COUNTY SCHOOL BLDG CORP	2001 2011 CONSTRUCTION/IMPROVEMENTS - REFINANCED 2011	\$ 395,000	6/30/2011	12/30/2017
TRI-COUNTY SCHOOL BLDG CORP	1997 CONSTRUCTION/IMPROVEMENTS - REFINANCED 2011	<u>391,500</u>	6/30/2011	12/31/2014
Total of annual lease payments		<u>\$ 786,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	AMENDED TAXABLE GENERAL OBLIGATION PENSION BONDS OF 2003	\$ 225,747	\$ 232,781
General obligation bonds	GENERAL OBLIGATION BONDS 2011	<u>350,000</u>	<u>352,625</u>
Totals		<u>\$ 575,747</u>	<u>\$ 585,406</u>

TRI COUNTY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 104,300
Buildings	49,236,557
Machinery, equipment, and vehicles	<u>2,462,762</u>
Total capital assets	<u>\$ 51,803,619</u>

(This page intentionally left blank.)

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 TRI-COUNTY SCHOOL CORPORATION, WHITE COUNTY, INDIANA

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

We have audited the Tri-County 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)

**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 2014-002 and 2014-003 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

March 7, 2016

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

TRI COUNTY 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	Indiana Department of Education				
School Breakfast Program		10.553	8535	\$ 37,132	\$ 38,925
National School Lunch Program		10.555	8535	175,219	194,198
Summer Food Service Program for Children		10.559	8535	<u>11,411</u>	<u>17,138</u>
Total - Child Nutrition Cluster				<u>223,762</u>	<u>250,261</u>
Distance Learning and Telemedicine Loans and Grants	Direct Federal Award	10.855	RUS-DLT IN0712-A16	<u>69,070</u>	<u>4,850</u>
Total - Department of Agriculture				<u>292,832</u>	<u>255,111</u>
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			FY 2012	6,298	-
			FY 2013	100,996	21,059
			FY 2014	<u>-</u>	<u>83,295</u>
Total - Title I Grants to Local Educational Agencies				<u>107,294</u>	<u>104,354</u>
Special Education Cluster	Indiana Department of Education	84.027			
Special Education_Grants to States			A58313DL0126	67,613	-
Special Education Improvement Award			A58313DL1403	-	62,468
Special Education Improvement Award			14212-051-PN01	59,628	-
			14213-051-PN01	115,813	51,260
			14214-051-PN01	-	111,453
			99914-051-TA01	<u>-</u>	<u>1,456</u>
Total - Special Education_Grants to States				<u>243,054</u>	<u>226,637</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173			
			45712-051-PN01	4,698	-
			45713-051-PN01	7,710	4,172
			45714-051-PN01	<u>-</u>	<u>7,730</u>
Total - Special Education_Preschool Grants				<u>12,408</u>	<u>11,902</u>
Total - Special Education Cluster				<u>255,462</u>	<u>238,539</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY 10 (11-12)	10,000	-
			FY 11 (12-13)	15,046	13,573
			FY 12 (13-14)	11,957	8,102
			FY 13 (14-15)	<u>-</u>	<u>4,996</u>
Total - Improving Teacher Quality State Grants				<u>37,003</u>	<u>26,671</u>
Education Jobs Fund	Indiana Department of Education	84.410	SY 2011-2012	<u>3,678</u>	<u>-</u>
Total - Department of Education				<u>403,437</u>	<u>369,564</u>
Total federal awards expended				<u>\$ 696,269</u>	<u>\$ 624,675</u>

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

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 5-11-1-25), 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
National School Lunch Program	10.555	\$ 34,485	\$ 31,915

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

Child Nutrition Cluster  
Special Education Cluster

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. 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.

The School Corporation has not separated incompatible activities related to cash and investment balances and payroll disbursements. The Treasurer was solely responsible for all areas related to cash and investments, including depositing, recording, and performing the reconciliations of cash and investment balances to the record balances. The Deputy Treasurer independently prepared the payroll distribution report

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

each pay. This report detailed the pay for every employee, by fund, for the entire School Corporation. These reports were not subjected to review before payroll was disbursed. The School Corporation has not designed or implemented adequate segregation of duties such as oversight, review, or approval processes.

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

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

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

***FINDING 2014-002 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER***

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, 10.559

Federal Award Years: FY2013, FY2014

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: Cash Management, Eligibility, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications. 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.

*Cash Management*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Cash Management requirements. There were no procedures in place to ensure that the School Lunch fund's net cash resources were limited to three months' average expenditures in compliance with Cash Management requirements. An oversight, review, or approval process has not been established.

*Eligibility*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Eligibility requirements. There were no procedures in place to verify that free and reduced meal applications were accurately determined before notification of eligibility. An oversight, review, or approval process has not been established.

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

*Procurement and Suspension and Debarment*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Procurement and Suspension and Debarment requirements. There were no procedures in place to ensure that vendors used for the food service program were not suspended or debarred from participation in federal programs. An oversight, review, or approval process has not been established.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements. There were no procedures in place to ensure that the verifications of free and reduced price meal applications were accurate or were subjected to review after the initial eligibility determination. An oversight, review, or approval process has not been established.

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. Non-compliance 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's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

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

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preshool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers: A58313DL0126, A58313DL1403, 14212-051-PN01, 14213-051-PN01,  
14214-051-PN01, 99914-051-TA01, 45712-051-PN01, 45713-051-PN01,  
45714-051-PN01

Pass-Through Entity: Indiana Department of Education

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

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 of the programs. 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Cash Management and Reporting requirements. Requests for reimbursement reports were required to be submitted to receive grant funding. Requests were prepared by the Special Education Cooperative Treasurer and properly filed with the Department of Education. However, the reports were not reviewed by anyone prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

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 could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2012-2 – Internal Controls School Lunch Program CFDA#10.553 & 10.555**

**FINDING 2012-3 – Internal Controls Distance Learning Grant CFDA#10.855**

**FINDING 2012-4 – Eligibility and Verification School Lunch Program CFDA# 10.555 & 10.553**

**Original Assigned SBA Audit Report Number: B41846**

Report Period: 7/1/10 – 6/30/12

Pass-Through Entity or Federal Grantor Agency: U.S. Dept of Agriculture & Indiana Dept of Education

Contact Person Responsible for Corrective Action: Gib Crimmins and Marsha Bell

Contact Phone Number: (219) 279-2418

Status of Audit Finding:

**FINDING 2012-2 – Internal Controls School Lunch Program CFDA#10.553 & 10.555**

The Treasurer reviewed the office procedures and attempted to assign duties as possible. When on vacation the Treasurer and Assistant Treasurer cross performed duties. Due to the size of the school corporation it was not a benefit to the corporation to hire additional employees to develop stronger internal controls.

**FINDING 2012-3 – Internal Controls Distance Learning Grant CFDA#10.855**

The Treasurer reviewed the office procedures and attempted to assign duties as possible. The Treasurer, Assistant Treasurer, or Superintendent are checking over the financial forms before being submitted. When on vacation the Treasurer and Assistant Treasurer cross performed duties. Due to the size of the school corporation it was not a benefit to the corporation to hire additional employees to develop stronger internal controls. The U.S. Department of Agriculture Grant was maintained through the closed date of 9/27/2013.

**FINDING 2012-4 – Eligibility and Verification School Lunch Program CFDA# 10.555 & 10.553**

The school corporation reviewed its procedures for eligibility and verifications for the School Lunch Program. The school principals were instructed on the proper federal guidelines for determining eligibility for each application and verification of the applications. However those guidelines were not yet put in place during the current audit period.



(Signature)



(Title)



(Date)

Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b.)

**CORRECTIVE ACTION PLAN**  
**Of Findings in Audit Period 7/1/2012 thru 6/30/2014**

**Audit Contact: Marsha Bell, Treasurer**  
**Phone: (219) 279-2418**

**Financial Statement Finding 2014-001 Financial Transactions and Reporting**

The Tri-County school corporation has reviewed the Financial State Findings related to the audit for the years July 1, 2012-June 30, 2014 and we offer the following corrective actions.

Deficiencies in the Internal Control System –It is the responsibility of the Treasurer to prepare deposits as well as record and perform reconciliations of cash and investment balances. The Superintendent will review the monthly bank reconciliations which show receipts, expenditures, bank and fund balances. Following the review of the Treasurer’s documents the superintendent will sign off on the accuracy of the reports. The Assistant Treasurer is responsible for preparing time cards and leave forms for all school employees. The Superintendent signs off on this report and provides it to the Treasurer to prepare the payroll distribution report. The Superintendent will review the report and sign off for accuracy prior to presenting the disbursement of payroll by the Treasurer.

Anticipated Complete Date: February 1, 2016



---

Marsha Bell  
Tri-County School Corporation Treasurer

March 2, 2016

**CORRECTIVE ACTION PLAN**  
Of Findings in Audit Period 7/1/2012 thru 06/30/2014

**Audit Contact: Marsha Bell, Treasurer**  
**Phone: (219) 279-2418**

**Federal Finding: 2014-002 Internal Control over Child Nutrition Cluster**  
**Federal Agency: Department of Agriculture**  
**Federal Programs School Breakfast Program, National School Lunch Program, Summer Food Service Program for children (SFSPC)**  
**CFDA Numbers: 10.553, 10.555, 10.559**  
**Federal Award Years: 2012/2013-8535, 2013/2014-8535**  
**Pass-Through Entity: Indiana Department of Education**

*Cash Management*

The Assistant Treasurer will complete the Lunch Fund Excessive Cash Balance Worksheet each month to monitor the net cash resources and assure they are limited to three months' average expenditures.

*Eligibility*

On receipt of Free and Reduced Meals applications building secretaries forward the applications to the corporation office. The Superintendent determines eligibility then sends the form on the Assistant Treasurer who confirms the eligibility status is accurate prior to notifying the applicant of their eligibility status.

*Suspension and Debarment*

The Assistant Treasurer reviews the Suspended Vendors List for both Indiana and the Federal Government at <http://secure.in.gov/idoa/2481.htm> to ensure vendors used for the food service program have not been suspended or debarred from participation in deferral programs.

*Special Tests and Provisions – Verification of Free and Reduced Price Applications*

Following the percentages determined in the directions of the Indiana Department of Education the Assistant Treasurer pulls random applications for verification. The Superintendent sends a letter the applicants from the random sample. The Assistant Treasurer reviews the documents received from the applicants pursuant to directions in the letter for their continued eligibility. The Superintendent reviews the eligibility status with the verification documents and a letter is sent to applicant on their new eligibility status.

**Federal Finding: 2014-003 – Cash Management and Reporting**

**Federal Agency: Special Education\_ Grants to States and Special Education\_ Preschool Grants**

**CFDA Numbers: 84.027 & 84.173**

**Federal Award Numbers: A58313DL0126, A58313DL1403, 14212-051-PN01, 14213-051-PN01, 14214-051-PN01, 99914-051-TA01, 45712-051-PN01, 45713-051-PN01, 45714-051-PN01, 45714-051-PN01**

**Pass-Through Entity: Indiana Department of Education**

Tri-County School Corporation belongs to the Cooperative School Services special education co-op. The LEA of the co-op is West Central School Corporation. The Treasurer of West Central prepares the requests for reimbursement and the superintendent of West Central signs off of the requests. Their Board of Trustees then approves the requests before they are paid. The West Central Treasurer then sends them to the Cooperative School Services Director who reviews the reimbursement forms and distributes them to member schools. Once we receive the reimbursement request the Treasurer and the superintendent review them for accuracy. Each month the Cooperative Services will send Tri-County School Corporation the fund balances, revenue, and expenditure for those funds that are that are ran through the LEA for cooperative services.

Anticipated Completion Date: February 1, 2016



---

Marsha Bell, Treasurer

March 2, 2016

#### 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/>.