

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TIPTON COMMUNITY SCHOOL CORPORATION
TIPTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/27/2016

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	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	18-25
Schedule of Payables and Receivables	27
Schedule of Leases and Debt	28
Schedule of Capital Assets	29
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	32-34
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	37
Notes to Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39-45
Auditee Prepared Document:	
Corrective Action Plan	48-49
Other Reports	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Renee' L. Anderson	07-01-12 to 06-30-16
Superintendent of Schools	Kevin Emsweller	07-01-12 to 06-30-16
President of the School Board	Rick Powell	07-01-12 to 06-30-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Tipton Community 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 8, 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 8, 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

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 TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON 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 Tipton Community 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 8, 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 material weaknesses.

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Tipton Community 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 8, 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.)

TIPTON COMMUNITY 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

Fund	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	\$ 304,911	\$ 10,232,499	\$ 9,739,240	\$ 6,730	\$ 804,900	\$ 10,402,106	\$ 9,736,487	\$ (6,723)	\$ 1,463,796
Debt Service	814,227	1,723,182	1,632,913	-	904,496	1,917,764	1,750,440	-	1,071,820
Retirement/Severance Bond Debt Service	6,686	118,014	117,393	-	7,307	49,712	61,575	4,556	-
Capital Projects	2,991,482	1,645,754	1,824,213	372,938	3,185,961	741,568	1,853,652	2,706	2,076,583
School Transportation	915,823	1,238,205	1,154,006	-	1,000,022	1,247,324	1,250,406	-	996,940
School Bus Replacement	418,519	185,738	94,034	-	510,223	212,651	151,835	-	571,039
Rainy Day	837,640	-	-	-	837,640	-	-	-	837,640
Retirement/Severance Bond	252,098	-	29,478	-	222,620	-	35,087	-	187,533
Construction	201	-	2,434,836	5,381,512	2,946,877	-	3,000,995	85,430	31,312
School Lunch	137,324	833,870	819,026	-	152,168	768,376	840,283	-	80,261
Textbook Rental	225,647	218,174	122,552	-	321,269	221,636	190,005	-	352,900
Levy Excess	35,768	-	-	-	35,768	-	-	-	35,768
Educational License Plates	3,269	-	-	-	3,269	675	-	-	3,944
SAFE School Haven	-	2,991	11,599	-	(8,608)	18,279	10,746	1,668	593
Early Intervention Grant	-	4,061	4,061	-	-	-	-	-	-
Tipton Co Foundation Grant/Planetarium Donations	1,165	5,034	3,860	-	2,339	3,500	4,071	-	1,768
Council/Alcohol, Tobacco, Drug	645	-	645	-	-	-	-	-	-
Instruction Support	-	-	-	-	-	4,102	500	-	3,602
Scholarships and Awards	200	-	-	-	200	-	600	500	100
Miscellaneous Programs	3,879	1,106	2,987	-	1,998	8,559	3,430	(1)	7,126
High Ability Grant	-	33,035	28,605	-	4,430	32,059	31,618	-	4,871
Scholarships and Awards Donations	-	-	-	-	-	1,000	1,000	-	-
Non-English Speaking Programs P.L. 273-1999	622	-	-	-	622	-	115	-	507
School Technology	3,690	7,623	-	-	11,313	8,141	-	-	19,454
Title I	(11,904)	188,584	193,106	-	(16,426)	193,166	204,625	-	(27,885)
IDEA	11,316	-	-	-	11,316	68,347	79,663	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(2,668)	37,265	40,493	-	(5,896)	53,760	54,992	-	(7,128)
Title I - Grants to LEAs	43	-	43	-	-	-	-	-	-
Education Jobs	-	6,730	-	(6,730)	-	-	-	-	-
Commerce Bank	4,621	331,757	328,657	-	7,721	274,245	269,753	-	12,213
Payroll W/H	8,615	2,787,821	2,785,795	-	10,641	2,839,395	2,838,909	-	11,127
Totals	\$ 6,963,819	\$ 19,601,443	\$ 21,367,542	\$ 5,754,450	\$ 10,952,170	\$ 19,066,365	\$ 22,370,787	\$ 88,136	\$ 7,735,884

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

TIPTON COMMUNITY 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.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Tipton Community 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 fiscal years 2013 and 2014 totaled \$1,627,463 and \$1,745,440, respectively.

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.

TIPTON COMMUNITY 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	Construction
Cash and investments - beginning	\$ 304,911	\$ 814,227	\$ 6,686	\$ 2,991,482	\$ 915,823	\$ 418,519	\$ 837,640	\$ 252,098	\$ 201
Receipts:									
Local sources	144,783	1,723,182	118,014	1,645,754	1,238,205	185,738	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,087,716	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>10,232,499</u>	<u>1,723,182</u>	<u>118,014</u>	<u>1,645,754</u>	<u>1,238,205</u>	<u>185,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	6,502,405	-	-	-	-	-	-	-	-
Support services	2,991,922	-	-	1,099,495	1,154,006	94,034	-	-	-
Noninstructional services	244,913	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	724,718	-	-	-	-	2,434,836
Debt services	-	1,632,913	117,393	-	-	-	-	29,478	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>9,739,240</u>	<u>1,632,913</u>	<u>117,393</u>	<u>1,824,213</u>	<u>1,154,006</u>	<u>94,034</u>	<u>-</u>	<u>29,478</u>	<u>2,434,836</u>
Excess (deficiency) of receipts over disbursements	<u>493,259</u>	<u>90,269</u>	<u>621</u>	<u>(178,459)</u>	<u>84,199</u>	<u>91,704</u>	<u>-</u>	<u>(29,478)</u>	<u>(2,434,836)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	5,381,512
Sale of capital assets	-	-	-	372,938	-	-	-	-	-
Transfers in	6,730	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>6,730</u>	<u>-</u>	<u>-</u>	<u>372,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,381,512</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>499,989</u>	<u>90,269</u>	<u>621</u>	<u>194,479</u>	<u>84,199</u>	<u>91,704</u>	<u>-</u>	<u>(29,478)</u>	<u>2,946,676</u>
Cash and investments - ending	<u>\$ 804,900</u>	<u>\$ 904,496</u>	<u>\$ 7,307</u>	<u>\$ 3,185,961</u>	<u>\$ 1,000,022</u>	<u>\$ 510,223</u>	<u>\$ 837,640</u>	<u>\$ 222,620</u>	<u>\$ 2,946,877</u>

TIPTON COMMUNITY 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)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Tipton County Foundation Grant /Planetarium Donations	Council/ Alcohol, Tobacco, Drug
Cash and investments - beginning	\$ 137,324	\$ 225,647	\$ 35,768	\$ 3,269	\$ -	\$ -	\$ 1,165	\$ 645
Receipts:								
Local sources	489,153	218,174	-	-	-	-	5,034	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,619	-	-	-	2,991	4,061	-	-
Federal sources	333,098	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>833,870</u>	<u>218,174</u>	<u>-</u>	<u>-</u>	<u>2,991</u>	<u>4,061</u>	<u>5,034</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	11,599	4,061	-	-
Support services	404	122,552	-	-	-	-	3,860	645
Noninstructional services	343,261	-	-	-	-	-	-	-
Facilities acquisition and construction	475,361	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>819,026</u>	<u>122,552</u>	<u>-</u>	<u>-</u>	<u>11,599</u>	<u>4,061</u>	<u>3,860</u>	<u>645</u>
Excess (deficiency) of receipts over disbursements	<u>14,844</u>	<u>95,622</u>	<u>-</u>	<u>-</u>	<u>(8,608)</u>	<u>-</u>	<u>1,174</u>	<u>(645)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>14,844</u>	<u>95,622</u>	<u>-</u>	<u>-</u>	<u>(8,608)</u>	<u>-</u>	<u>1,174</u>	<u>(645)</u>
Cash and investments - ending	<u>\$ 152,168</u>	<u>\$ 321,269</u>	<u>\$ 35,768</u>	<u>\$ 3,269</u>	<u>\$ (8,608)</u>	<u>\$ -</u>	<u>\$ 2,339</u>	<u>\$ -</u>

TIPTON COMMUNITY 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)

	Instruction Support	Scholarships and Awards	Miscellaneous Programs	High Ability Grant	Scholarships and Awards Donations	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I
Cash and investments - beginning	\$ -	\$ 200	\$ 3,879	\$ -	\$ -	\$ 622	\$ 3,690	\$ (11,904)
Receipts:								
Local sources	-	-	1,106	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	33,035	-	-	7,623	-
Federal sources	-	-	-	-	-	-	-	188,584
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	1,106	33,035	-	-	7,623	188,584
Disbursements:								
Current:								
Instruction	-	-	599	28,605	-	-	-	182,537
Support services	-	-	2,388	-	-	-	-	10,569
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,987	28,605	-	-	-	193,106
Excess (deficiency) of receipts over disbursements	-	-	(1,881)	4,430	-	-	7,623	(4,522)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	-	(1,881)	4,430	-	-	7,623	(4,522)
Cash and investments - ending	\$ -	\$ 200	\$ 1,998	\$ 4,430	\$ -	\$ 622	\$ 11,313	\$ (16,426)

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

	IDEA	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Commerce Bank	Payroll W/H	Totals
Cash and investments - beginning	\$ 11,316	\$ (2,668)	\$ 43	\$ -	\$ 4,621	\$ 8,615	\$ 6,963,819
Receipts:							
Local sources	-	-	-	-	-	-	5,769,143
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	10,147,045
Federal sources	-	37,265	-	6,730	-	-	565,677
Other	-	-	-	-	331,757	2,787,821	3,119,578
Total receipts	<u>-</u>	<u>37,265</u>	<u>-</u>	<u>6,730</u>	<u>331,757</u>	<u>2,787,821</u>	<u>19,601,443</u>
Disbursements:							
Current:							
Instruction	-	40,493	-	-	-	-	6,770,299
Support services	-	-	43	-	-	-	5,479,918
Noninstructional services	-	-	-	-	-	-	588,174
Facilities acquisition and construction	-	-	-	-	-	-	3,634,915
Debt services	-	-	-	-	-	-	1,779,784
Nonprogrammed charges	-	-	-	-	328,657	2,785,795	3,114,452
Total disbursements	<u>-</u>	<u>40,493</u>	<u>43</u>	<u>-</u>	<u>328,657</u>	<u>2,785,795</u>	<u>21,367,542</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(3,228)</u>	<u>(43)</u>	<u>6,730</u>	<u>3,100</u>	<u>2,026</u>	<u>(1,766,099)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	5,381,512
Sale of capital assets	-	-	-	-	-	-	372,938
Transfers in	-	-	-	-	-	-	6,730
Transfers out	-	-	-	(6,730)	-	-	(6,730)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,730)</u>	<u>-</u>	<u>-</u>	<u>5,754,450</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(3,228)</u>	<u>(43)</u>	<u>-</u>	<u>3,100</u>	<u>2,026</u>	<u>3,988,351</u>
Cash and investments - ending	<u>\$ 11,316</u>	<u>\$ (5,896)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,721</u>	<u>\$ 10,641</u>	<u>\$ 10,952,170</u>

TIPTON COMMUNITY 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	Construction
Cash and investments - beginning	\$ 804,900	\$ 904,496	\$ 7,307	\$ 3,185,961	\$ 1,000,022	\$ 510,223	\$ 837,640	\$ 222,620	\$ 2,946,877
Receipts:									
Local sources	140,242	1,917,764	49,712	741,568	1,247,324	212,651	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,247,402	-	-	-	-	-	-	-	-
Federal sources	14,462	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	10,402,106	1,917,764	49,712	741,568	1,247,324	212,651	-	-	-
Disbursements:									
Current:									
Instruction	6,466,309	-	-	-	-	-	-	-	-
Support services	3,027,370	-	-	982,596	1,250,406	151,835	-	-	-
Noninstructional services	242,808	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	871,056	-	-	-	-	3,000,995
Debt services	-	1,750,440	61,575	-	-	-	-	35,087	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,736,487	1,750,440	61,575	1,853,652	1,250,406	151,835	-	35,087	3,000,995
Excess (deficiency) of receipts over disbursements	665,619	167,324	(11,863)	(1,112,084)	(3,082)	60,816	-	(35,087)	(3,000,995)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	85,430
Sale of capital assets	-	-	-	2,706	-	-	-	-	-
Transfers in	1	-	4,556	-	-	-	-	-	-
Transfers out	(6,724)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(6,723)	-	4,556	2,706	-	-	-	-	85,430
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	658,896	167,324	(7,307)	(1,109,378)	(3,082)	60,816	-	(35,087)	(2,915,565)
Cash and investments - ending	\$ 1,463,796	\$ 1,071,820	\$ -	\$ 2,076,583	\$ 996,940	\$ 571,039	\$ 837,640	\$ 187,533	\$ 31,312

TIPTON COMMUNITY 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	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Tipton County Foundation Grant /Planetarium Donations	Council/ Alcohol, Tobacco, Drug
Cash and investments - beginning	\$ 152,168	\$ 321,269	\$ 35,768	\$ 3,269	\$ (8,608)	\$ -	\$ 2,339	\$ -
Receipts:								
Local sources	451,365	221,636	-	-	-	-	3,500	-
Intermediate sources	-	-	-	675	-	-	-	-
State sources	11,600	-	-	-	18,279	-	-	-
Federal sources	305,411	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>768,376</u>	<u>221,636</u>	<u>-</u>	<u>675</u>	<u>18,279</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	10,746	-	-	-
Support services	22,692	160,829	-	-	-	-	4,071	-
Noninstructional services	301,602	-	-	-	-	-	-	-
Facilities acquisition and construction	515,989	29,176	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>840,283</u>	<u>190,005</u>	<u>-</u>	<u>-</u>	<u>10,746</u>	<u>-</u>	<u>4,071</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(71,907)</u>	<u>31,631</u>	<u>-</u>	<u>675</u>	<u>7,533</u>	<u>-</u>	<u>(571)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,668	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(71,907)</u>	<u>31,631</u>	<u>-</u>	<u>675</u>	<u>9,201</u>	<u>-</u>	<u>(571)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 80,261</u>	<u>\$ 352,900</u>	<u>\$ 35,768</u>	<u>\$ 3,944</u>	<u>\$ 593</u>	<u>\$ -</u>	<u>\$ 1,768</u>	<u>\$ -</u>

TIPTON COMMUNITY 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)

	Instruction Support	Scholarships and Awards	Miscellaneous Programs	High Ability Grant	Scholarships and Awards Donations	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I
Cash and investments - beginning	\$ -	\$ 200	\$ 1,998	\$ 4,430	\$ -	\$ 622	\$ 11,313	\$ (16,426)
Receipts:								
Local sources	3,602	-	8,559	-	-	-	-	-
Intermediate sources	500	-	-	-	-	-	-	-
State sources	-	-	-	32,059	1,000	-	8,141	-
Federal sources	-	-	-	-	-	-	-	193,166
Other	-	-	-	-	-	-	-	-
Total receipts	<u>4,102</u>	<u>-</u>	<u>8,559</u>	<u>32,059</u>	<u>1,000</u>	<u>-</u>	<u>8,141</u>	<u>193,166</u>
Disbursements:								
Current:								
Instruction	500	600	-	31,618	1,000	-	-	190,559
Support services	-	-	3,430	-	-	115	-	14,066
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>500</u>	<u>600</u>	<u>3,430</u>	<u>31,618</u>	<u>1,000</u>	<u>115</u>	<u>-</u>	<u>204,625</u>
Excess (deficiency) of receipts over disbursements	<u>3,602</u>	<u>(600)</u>	<u>5,129</u>	<u>441</u>	<u>-</u>	<u>(115)</u>	<u>8,141</u>	<u>(11,459)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	500	-	-	-	-	-	-
Transfers out	-	-	(1)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>500</u>	<u>(1)</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>3,602</u>	<u>(100)</u>	<u>5,128</u>	<u>441</u>	<u>-</u>	<u>(115)</u>	<u>8,141</u>	<u>(11,459)</u>
Cash and investments - ending	<u>\$ 3,602</u>	<u>\$ 100</u>	<u>\$ 7,126</u>	<u>\$ 4,871</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ 19,454</u>	<u>\$ (27,885)</u>

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

	IDEA	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Commerce Bank	Payroll W/H	Totals
Cash and investments - beginning	\$ 11,316	\$ (5,896)	\$ -	\$ -	\$ 7,721	\$ 10,641	\$ 10,952,170
Receipts:							
Local sources	-	-	-	-	-	-	4,997,923
Intermediate sources	-	-	-	-	-	-	1,175
State sources	-	-	-	-	-	-	10,318,481
Federal sources	68,347	53,760	-	-	-	-	635,146
Other	-	-	-	-	274,245	2,839,395	3,113,640
Total receipts	68,347	53,760	-	-	274,245	2,839,395	19,066,365
Disbursements:							
Current:							
Instruction	14,262	54,992	-	-	-	-	6,770,586
Support services	-	-	-	-	-	-	5,617,410
Noninstructional services	-	-	-	-	-	-	544,410
Facilities acquisition and construction	65,401	-	-	-	-	-	4,482,617
Debt services	-	-	-	-	-	-	1,847,102
Nonprogrammed charges	-	-	-	-	269,753	2,838,909	3,108,662
Total disbursements	79,663	54,992	-	-	269,753	2,838,909	22,370,787
Excess (deficiency) of receipts over disbursements	(11,316)	(1,232)	-	-	4,492	486	(3,304,422)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	85,430
Sale of capital assets	-	-	-	-	-	-	2,706
Transfers in	-	-	-	-	-	-	6,725
Transfers out	-	-	-	-	-	-	(6,725)
Total other financing sources (uses)	-	-	-	-	-	-	88,136
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,316)	(1,232)	-	-	4,492	486	(3,216,286)
Cash and investments - ending	\$ -	\$ (7,128)	\$ -	\$ -	\$ 12,213	\$ 11,127	\$ 7,735,884

(This page intentionally left blank.)

TIPTON COMMUNITY 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>\$ 792,050</u>	<u>\$ 6,559</u>

TIPTON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Tipton Community Building School Corporation	First Mortgage Bonds Series 2008 Transportation Facility	\$ 608,000	12/16/2008	12/31/2020
Tipton Community Building School Corporation	First Mortgage Bonds Series 2006 MS	170,000	12/14/2006	12/31/2021
Tipton Community Building School Corporation	First Mortgage Bonds Series 2007 Refund 1998 Bonds	945,761	1/17/2007	6/30/2020
Tipton Community Building School Corporation	First Mortgage Bonds Series 2012A HS	42,000	7/3/2012	12/31/2023
Tipton Community Building School Corporation	First Mortgage Bonds Series 2012B MS	48,000	7/3/2012	12/31/2023
Tipton Community Building School Corporation	First Mortgage Bonds Series 2013 MS/EL	<u>40,000</u>	12/31/2013	12/31/2023
Total governmental activities		<u>1,853,761</u>		
Total of annual lease payments		<u>\$ 1,853,761</u>		

TIPTON COMMUNITY 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.

	Ending Balance
Governmental activities:	
Land	\$ 600,000
Buildings	71,038,217
Improvements other than buildings	12,921,906
Machinery, equipment, and vehicles	2,626,717
Total governmental activities	87,186,840
Total capital assets	\$ 87,186,840

(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 TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Tipton Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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, 2014-003, 2014-004, and 2014-005 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.

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

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 8, 2016

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.)

TIPTON COMMUNITY 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.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 57,708 -	\$ - 34,007
Total for program				<u>57,708</u>	<u>34,007</u>
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13 FY 13-14	334,125 -	- 324,914
Total for program				<u>334,125</u>	<u>324,914</u>
Total for cluster				<u>391,833</u>	<u>358,921</u>
Total for federal grantor agency				<u>391,833</u>	<u>358,921</u>
U.S. DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	13-7945 14-7945	65,691 122,891	67,411 125,755
Total for cluster				<u>188,582</u>	<u>193,166</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	99914-035-TA01 EDS #A58-3-13DL-1510 14211-035-PN01 14212-035-PN01 14213-035-PN01 14214-035-PN01	- - 31,768 233,138 112,297 -	2,428 68,347 - - 240,506 113,685
Total for program				<u>377,203</u>	<u>424,966</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	45713-035-PN01 45714-035-PN01	10,639 -	3,333 5,431
Total for program				<u>10,639</u>	<u>8,764</u>
Total for cluster				<u>387,842</u>	<u>433,730</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	12-7945 13-7945	- 37,265	8,662 45,097
Total for program				<u>37,265</u>	<u>53,759</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 12-13	6,730	-
Total for federal grantor agency				<u>620,419</u>	<u>680,655</u>
Total federal awards expended				<u>\$ 1,012,252</u>	<u>\$ 1,039,576</u>

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

TIPTON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), 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	\$ 58,737	\$ 53,509

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: total federal expenditures were incorrectly reported; expenditures and information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Allowable Costs/Cost Principles. 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.

Allowable Costs/Cost Principles

Food costs are paid for by an outside vendor which administers the Child Nutrition Cluster programs for the School Corporation. These costs are then billed to the School Corporation, along with management fees and labor costs. There is no one at the School Corporation level who reviews the invoices that support the food costs billed by the outside vendor.

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."

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements that have a direct and material effect on 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.

There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements.

The School Corporation Food Service department maintains a cash balance in excess of federal regulations. The 3 months average expenditures of the School Corporation for the School Lunch Program for fiscal year 2014 were \$252,084. The month-end cash balances for fiscal year 2014 ranged from \$80,135 to \$354,338. This compliance requirement was not monitored by the School Lunch Director or by any other employee of the School Corporation.

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.

7 CFR section 210.14(a) states in part:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service . . ."

7 CFR section 210.14(b) states:

"Net cash resources. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR section 210.2 defines net cash resources as:

"Net cash resources means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

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 cash balance maintained by the School Corporation resulted in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resources. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal reimbursements.

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 School Corporation's management implement procedures that would limit net cash resources to three-months' average expenditures and to establish internal controls to ensure that its school food service program is operated as a nonprofit service.

FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

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

For the audit period July 1, 2012 to June 30, 2014, there was no preparation of Paid Lunch Equity calculations made by the School Corporation. There is a lack of controls currently in place to ensure that Paid Lunch Equity calculations are performed and that they are accurate.

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

7 CFR 210.14(e) states:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section."

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 put internal controls in place to ensure compliance with Paid Lunch Equity requirements.

FINDING 2014-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education

Federal Program: Special Education - Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14211-035-PN01, 14212-035-PN01,
14213-035-PN01, 14214-035-PN01

Pass-Through Entity: Indiana Department of Education

TIPTON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to its grant agreements and the Allowable Costs/Cost Principles compliance requirements. The School Corporation is a member of the Kokomo Area Special Education Cooperative (KASEC) and they provide oversight of the KASEC through the School Corporation Superintendent who serves as a member of the KASEC Board. KASEC has not established an effective internal control system in relation to Allowable Costs/Cost Principles.

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to its Special Education grants. Semi-Annual Certifications for fiscal year 2014 could not be located by the KASEC, and therefore were not presented for audit. For those employees that were paid from Special Education funds, the KASEC should have included their names on Semi-Annual Certification Activity Reports and retained the reports.

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 program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8.h, (3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

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.

(This page intentionally left blank.)

AUDITEE PREPARED DOCUMENT

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



TIPTON COMMUNITY SCHOOL CORPORATION

Kevin R. Emsweller, Superintendent
John K. Junco, Assistant Superintendent

Reneé L. Anderson, Treasurer
Brian D. Witherow, Director of Technology

March 4, 2016

CORRECTIVE ACTION PLAN

Finding 2014-001

We will work under the guidance of the State Board of Account directives and other sources to ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correctly prepared for the next audit period. We anticipate completion by June 30, 2016.

Finding 2014-002

We anticipate improving our internal controls over allowable costs over the school lunch program. In the future, we will have our Food Service Administrator provide copies of food invoices that support his monthly food billing to the school corporation for review. We anticipate compliance effective immediately.

Finding 2014-003

Currently school corporation management is looking at ways to reduce excessive balances in our School Lunch Fund, including increasing purchases of much needed equipment to operate our School Lunch Program. We anticipate compliance effective immediately.

Finding 2014-004

This corrective action was initiated for the 2015-2016 school year and continues to be implemented

Finding 2014-005

We will consult with Kokomo Area Special Education Cooperative (KASEC) to ensure that semi-annual certification activity reports are presented for audit. Anticipation of compliance is effective immediately.

Renee Anderson
(Signature)

Treasurer
(Title)

3-8-16
(Date)

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/>.