

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRI-CENTRAL COMMUNITY SCHOOLS  
TIPTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
07/08/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Dever	07-01-12 to 12-31-16
Superintendent of Schools	Dr. Lee Williford	07-01-12 to 12-31-12
	Dr. Robert Boyd (Interim)	01-01-13 to 06-30-13
	Tim Garland	07-01-13 to 12-31-15
	Dave Driggs	01-01-16 to 06-30-16
President of the School Board	Mike Harlow	07-01-12 to 01-14-13
	Chris Kelley	01-15-13 to 12-31-16



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF TRI-CENTRAL COMMUNITY SCHOOLS, TIPTON COUNTY, INDIANA

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

We have audited the accompanying financial statement of Tri-Central Community Schools (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 April 14, 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

April 14, 2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF TRI-CENTRAL COMMUNITY SCHOOLS, 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 Tri-Central Community Schools (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 April 14, 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 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.

**Tri-Central Community Schools' 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

April 14, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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TRI-CENTRAL COMMUNITY SCHOOLS  
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			Other Financing		Cash and Investments			Other Financing		Cash and Investments
	07-01-12	Receipts	Disbursements	Sources (Uses)	06-30-13	Receipts	Disbursements	Sources (Uses)	06-30-14		
General	\$ 306,943	\$ 5,474,678	\$ 5,580,856	\$ 261,279	\$ 462,044	\$ 5,273,679	\$ 5,417,542	\$ -	\$ 318,181		
Debt Service	736,701	1,272,476	1,832,680	(3,940)	172,557	1,236,250	629,391	847	780,263		
Retirement/Severance Bond Debt Service	125,744	229,895	224,679	-	130,960	226,750	179,203	-	178,507		
Capital Projects	1,088,318	608,016	721,058	(1,809)	973,467	354,767	554,213	(1,134)	772,887		
School Transportation	827,312	713,623	457,407	32,759	1,116,287	678,325	519,172	729	1,276,169		
School Bus Replacement	225,906	66,914	24,608	(135)	268,077	43,571	-	46	311,694		
Rainy Day	173,297	-	173,296	-	1	-	-	-	1		
Retirement/Severance Bond	326,806	-	27,514	(224,292)	75,000	-	5,055	-	69,945		
School Lunch	208,728	327,154	308,377	(33,000)	194,505	325,729	305,278	-	214,956		
Textbook Rental	62,781	86,978	10,588	-	139,171	75,357	87,813	-	126,715		
Levy Excess	18,514	-	-	(18,514)	-	-	-	-	-		
NESP Grant 2012-2013	-	1,320	1,320	-	-	-	-	-	-		
NESP Grant 2013-2014	-	-	-	-	-	1,690	1,690	-	-		
Technology Planning Grant	-	-	-	-	-	15,000	15,000	-	-		
Miscellaneous Programs	1,050	665	-	(1,050)	665	-	665	-	-		
HHST Wellness Grant 2013-2014	-	-	-	-	-	640	640	-	-		
Smithville Charitable Foundation	-	-	-	-	-	10,000	4,755	-	5,245		
Tipton Co Found Musical Grant	87	-	63	-	24	-	24	-	-		
Hoover Agri Trucking Grant	-	-	110	150	40	-	40	-	-		
D.E.A.R. Grant 2012	-	-	900	900	-	-	-	-	-		
Get Biotech Smart MS Grant - S	-	1,000	108	-	892	-	892	-	-		
MAC Grant	-	-	-	-	-	500	-	-	500		
Get Biotech Smart HS Grant - E	-	5,000	4,435	-	565	-	565	-	-		
Proneer/Smart Board Grant	1,598	-	-	-	1,598	-	316	-	1,282		
Excess PTRC Distributions	8,362	-	-	(8,362)	-	-	-	-	-		
Recognition/Award Grant	4,872	4,500	2,194	-	7,178	4,230	7,655	-	3,753		
High Ability Grant 2012-13	-	27,411	26,426	-	985	-	985	-	-		
High Ability Grant 2013-14	-	-	-	-	-	26,978	20,068	-	6,910		
Title I 2011-12	(6,891)	13,367	6,476	-	-	-	-	-	-		
Title I 2012-13	-	71,430	74,912	-	(3,482)	11,295	7,813	-	-		
Title I 2013-14	-	-	-	-	-	51,810	53,771	-	(1,961)		
Title I, Part C Migrant 2011-12	(28)	28	-	-	-	-	-	-	-		
Title I, Part C Migrant 2012-13	-	19,177	19,938	-	(761)	941	180	-	-		
Title I, Part C Migrant	-	-	-	-	-	20,219	20,219	-	-		
Special Educ Tech Grant	-	-	45,774	-	(45,774)	68,438	22,664	-	-		
Improving Teaching Quality, No Child Left, Title II, Part A	(5,092)	-	-	5,092	-	-	-	-	-		
Title II, Part A 2011-13	-	11,566	6,474	(5,092)	-	-	-	-	-		
Title II, Part A 2012-14	-	27,682	27,814	-	(132)	416	284	-	-		
Title II Part A 2013-2015	-	-	-	-	-	2,690	2,690	-	-		
Education Jobs Fund	-	3,986	-	(3,986)	-	-	-	-	-		
Payroll Clearing	4,622	1,372,247	1,371,987	-	4,882	1,231,093	1,231,098	-	4,877		
Prepaid Lunch	19,642	177,735	144,588	-	52,789	165,973	154,406	-	64,356		
<b>Totals</b>	<b>\$ 4,129,272</b>	<b>\$ 10,516,848</b>	<b>\$ 11,094,582</b>	<b>\$ -</b>	<b>\$ 3,551,538</b>	<b>\$ 9,826,341</b>	<b>\$ 9,244,087</b>	<b>\$ 488</b>	<b>\$ 4,134,280</b>		

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

TRI-CENTRAL COMMUNITY SCHOOLS  
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 may 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-CENTRAL COMMUNITY SCHOOLS  
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.

Temporary loans, which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

*E. Disbursements*

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

TRI-CENTRAL COMMUNITY SCHOOLS  
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.

**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.

TRI-CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*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-CENTRAL COMMUNITY SCHOOLS  
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. This is a result of the funds being for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Northern Tipton 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 fiscal years 2013 and 2014 totaled \$1,832,250 and \$616,750, respectively.

TRI-CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefit: health insurance. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding this benefit can be obtained by contacting the School Corporation.

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## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

TRI-CENTRAL COMMUNITY SCHOOLS  
 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	\$ 306,943	\$ 736,701	\$ 125,744	\$ 1,088,318	\$ 827,312	\$ 225,906	\$ 173,297	\$ 326,806
Receipts:								
Local sources	65,202	1,272,476	229,895	559,917	713,551	42,652	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,389,497	-	-	-	-	-	-	-
Federal sources	20,250	-	-	-	-	-	-	-
Temporary loans	-	-	-	12,640	-	-	-	-
Other	(271)	-	-	35,459	72	24,262	-	-
Total receipts	5,474,678	1,272,476	229,895	608,016	713,623	66,914	-	-
Disbursements:								
Current:								
Instruction	3,473,483	-	-	-	-	-	97,574	16,857
Support services	1,961,515	-	-	489,760	457,407	24,608	75,722	10,197
Noninstructional services	145,858	-	-	-	-	-	-	460
Facilities acquisition and construction	-	-	-	231,298	-	-	-	-
Debt services	-	1,832,680	224,679	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,580,856	1,832,680	224,679	721,058	457,407	24,608	173,296	27,514
Excess (deficiency) of receipts over disbursements	(106,178)	(560,204)	5,216	(113,042)	256,216	42,306	(173,296)	(27,514)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	261,279	3,470	-	2,632	32,759	124	-	-
Transfers out	-	(7,410)	-	(4,441)	-	(259)	-	(224,292)
Total other financing sources (uses)	261,279	(3,940)	-	(1,809)	32,759	(135)	-	(224,292)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	155,101	(564,144)	5,216	(114,851)	288,975	42,171	(173,296)	(251,806)
Cash and investments - ending	\$ 462,044	\$ 172,557	\$ 130,960	\$ 973,467	\$ 1,116,287	\$ 268,077	\$ 1	\$ 75,000

TRI-CENTRAL COMMUNITY SCHOOLS  
 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	NESP Grant 2012-2013	NESP Grant 2013-2014	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ 208,728	\$ 62,781	\$ 18,514	\$ -	\$ -	\$ -	\$ 1,050
Receipts:							
Local sources	145,250	53,433	-	-	-	-	665
Intermediate sources	-	-	-	-	-	-	-
State sources	4,492	32,098	-	1,320	-	-	-
Federal sources	176,417	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	995	1,447	-	-	-	-	-
Total receipts	<u>327,154</u>	<u>86,978</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>-</u>	<u>665</u>
Disbursements:							
Current:							
Instruction	-	-	-	1,320	-	-	-
Support services	-	10,588	-	-	-	-	-
Noninstructional services	308,377	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>308,377</u>	<u>10,588</u>	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>18,777</u>	<u>76,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(33,000)	-	(18,514)	-	-	-	(1,050)
Total other financing sources (uses)	<u>(33,000)</u>	<u>-</u>	<u>(18,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,050)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(14,223)</u>	<u>76,390</u>	<u>(18,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385)</u>
Cash and investments - ending	<u>\$ 194,505</u>	<u>\$ 139,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665</u>

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

	HHST Wellness Grant 2013-2014	Smithville Charitable Foundation	Tipton Co Found Musical Grant	Hoover Agri Trucking Grant	D.E.A.R. Grant 2012	Get Biotech Smart MS Grant - S	MAC Grant
Cash and investments - beginning	\$ -	\$ -	\$ 87	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	1,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	110	900	108	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	63	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>63</u>	<u>110</u>	<u>900</u>	<u>108</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(63)</u>	<u>(110)</u>	<u>(900)</u>	<u>892</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	150	900	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>900</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(63)</u>	<u>40</u>	<u>-</u>	<u>892</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 892</u>	<u>\$ -</u>

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

	Get Biotech Smart HS Grant - E	Pioneer/Smart Board Grant	Excess PTRC Distributions	Recognition/Award Grant	High Ability Grant 2012-13	High Ability Grant 2013-14	Title I 2011-12
Cash and investments - beginning	\$ -	\$ 1,598	\$ 8,362	\$ 4,872	\$ -	\$ -	\$ (6,891)
Receipts:							
Local sources	5,000	-	-	4,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	27,411	-	-
Federal sources	-	-	-	-	-	-	13,367
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	5,000	-	-	4,500	27,411	-	13,367
Disbursements:							
Current:							
Instruction	4,435	-	-	-	26,426	-	6,476
Support services	-	-	-	2,194	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	4,435	-	-	2,194	26,426	-	6,476
Excess (deficiency) of receipts over disbursements	565	-	-	2,306	985	-	6,891
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(8,362)	-	-	-	-
Total other financing sources (uses)	-	-	(8,362)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	565	-	(8,362)	2,306	985	-	6,891
Cash and investments - ending	\$ 565	\$ 1,598	\$ -	\$ 7,178	\$ 985	\$ -	\$ -

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

	Title I 2012-13	Title I 2013-14	Title I, Part C Migrant 2011-12	Title I, Part C Migrant 2012-13	Title I, Part C Migrant	Special Educ Tech Grant	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ (28)	\$ -	\$ -	\$ -	\$ (5,092)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	71,430	-	28	19,177	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>71,430</u>	<u>-</u>	<u>28</u>	<u>19,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	74,912	-	-	19,825	-	45,774	-
Support services	-	-	-	113	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>74,912</u>	<u>-</u>	<u>-</u>	<u>19,938</u>	<u>-</u>	<u>45,774</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,482)</u>	<u>-</u>	<u>28</u>	<u>(761)</u>	<u>-</u>	<u>(45,774)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	5,092
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,092</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,482)</u>	<u>-</u>	<u>28</u>	<u>(761)</u>	<u>-</u>	<u>(45,774)</u>	<u>5,092</u>
Cash and investments - ending	<u>\$ (3,482)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (761)</u>	<u>\$ -</u>	<u>\$ (45,774)</u>	<u>\$ -</u>

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

	Title II, Part A 2011-13	Title II, Part A 2012-14	Title II Part A 2013-2015	Education Jobs Fund	Payroll Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 4,622	\$ 19,642	\$ 4,129,272
Receipts:							
Local sources	-	-	-	-	-	-	3,093,541
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	5,454,818
Federal sources	11,566	27,682	-	3,986	-	-	343,903
Temporary loans	-	-	-	-	-	-	12,640
Other	-	-	-	-	1,372,247	177,735	1,611,946
Total receipts	<u>11,566</u>	<u>27,682</u>	<u>-</u>	<u>3,986</u>	<u>1,372,247</u>	<u>177,735</u>	<u>10,516,848</u>
Disbursements:							
Current:							
Instruction	6,474	27,814	-	-	-	-	3,802,488
Support services	-	-	-	-	-	-	3,032,104
Noninstructional services	-	-	-	-	-	-	454,695
Facilities acquisition and construction	-	-	-	-	-	-	231,361
Debt services	-	-	-	-	-	-	2,057,359
Nonprogrammed charges	-	-	-	-	1,371,987	144,588	1,516,575
Total disbursements	<u>6,474</u>	<u>27,814</u>	<u>-</u>	<u>-</u>	<u>1,371,987</u>	<u>144,588</u>	<u>11,094,582</u>
Excess (deficiency) of receipts over disbursements	<u>5,092</u>	<u>(132)</u>	<u>-</u>	<u>3,986</u>	<u>260</u>	<u>33,147</u>	<u>(577,734)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	306,406
Transfers out	(5,092)	-	-	(3,986)	-	-	(306,406)
Total other financing sources (uses)	<u>(5,092)</u>	<u>-</u>	<u>-</u>	<u>(3,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(132)</u>	<u>-</u>	<u>-</u>	<u>260</u>	<u>33,147</u>	<u>(577,734)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (132)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,882</u>	<u>\$ 52,789</u>	<u>\$ 3,551,538</u>

TRI-CENTRAL COMMUNITY SCHOOLS  
 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	\$ 462,044	\$ 172,557	\$ 130,960	\$ 973,467	\$ 1,116,287	\$ 268,077	\$ 1	\$ 75,000
Receipts:								
Local sources	47,056	1,236,250	226,750	233,804	671,568	43,571	-	-
Intermediate sources	244	-	-	-	-	-	-	-
State sources	5,194,006	-	-	-	-	-	-	-
Federal sources	16,261	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	16,112	-	-	120,963	6,757	-	-	-
Total receipts	<u>5,273,679</u>	<u>1,236,250</u>	<u>226,750</u>	<u>354,767</u>	<u>678,325</u>	<u>43,571</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	3,234,004	-	-	-	-	-	-	1,960
Support services	2,020,515	-	-	407,001	519,172	-	-	2,575
Noninstructional services	163,023	-	-	-	-	-	-	520
Facilities acquisition and construction	-	-	-	147,212	-	-	-	-
Debt services	-	629,391	179,203	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,417,542</u>	<u>629,391</u>	<u>179,203</u>	<u>554,213</u>	<u>519,172</u>	<u>-</u>	<u>-</u>	<u>5,055</u>
Excess (deficiency) of receipts over disbursements	<u>(143,863)</u>	<u>606,859</u>	<u>47,547</u>	<u>(199,446)</u>	<u>159,153</u>	<u>43,571</u>	<u>-</u>	<u>(5,055)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	188	300	-	-	-
Transfers in	-	847	-	-	429	46	-	-
Transfers out	-	-	-	(1,322)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>847</u>	<u>-</u>	<u>(1,134)</u>	<u>729</u>	<u>46</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(143,863)</u>	<u>607,706</u>	<u>47,547</u>	<u>(200,580)</u>	<u>159,882</u>	<u>43,617</u>	<u>-</u>	<u>(5,055)</u>
Cash and investments - ending	<u>\$ 318,181</u>	<u>\$ 780,263</u>	<u>\$ 178,507</u>	<u>\$ 772,887</u>	<u>\$ 1,276,169</u>	<u>\$ 311,694</u>	<u>\$ 1</u>	<u>\$ 69,945</u>

TRI-CENTRAL COMMUNITY SCHOOLS  
 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	NESP Grant 2012-2013	NESP Grant 2013-2014	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ 194,505	\$ 139,171	\$ -	\$ -	\$ -	\$ -	\$ 665
Receipts:							
Local sources	155,197	48,321	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,371	26,479	-	-	1,690	15,000	-
Federal sources	165,900	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	261	557	-	-	-	-	-
Total receipts	<u>325,729</u>	<u>75,357</u>	<u>-</u>	<u>-</u>	<u>1,690</u>	<u>15,000</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	1,690	-	-
Support services	-	87,813	-	-	-	15,000	665
Noninstructional services	305,278	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>305,278</u>	<u>87,813</u>	<u>-</u>	<u>-</u>	<u>1,690</u>	<u>15,000</u>	<u>665</u>
Excess (deficiency) of receipts over disbursements	<u>20,451</u>	<u>(12,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(665)</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>20,451</u>	<u>(12,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(665)</u>
Cash and investments - ending	<u>\$ 214,956</u>	<u>\$ 126,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	HHST Wellness Grant 2013-2014	Smithville Charitable Foundation	Tipton Co Found Musical Grant	Hoover Agri Trucking Grant	D.E.A.R. Grant 2012	Get Biotech Smart MS Grant - S	MAC Grant
Cash and investments - beginning	\$ -	\$ -	\$ 24	\$ 40	\$ -	\$ 892	\$ -
Receipts:							
Local sources	640	10,000	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>640</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Disbursements:							
Current:							
Instruction	-	-	-	40	-	892	-
Support services	640	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	4,755	24	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>640</u>	<u>4,755</u>	<u>24</u>	<u>40</u>	<u>-</u>	<u>892</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>5,245</u>	<u>(24)</u>	<u>(40)</u>	<u>-</u>	<u>(892)</u>	<u>500</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>5,245</u>	<u>(24)</u>	<u>(40)</u>	<u>-</u>	<u>(892)</u>	<u>500</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>

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

	Get Biotech Smart HS Grant - E	Pioneer/Smart Board Grant	Excess PTRC Distributions	Recognition/Award Grant	High Ability Grant 2012-13	High Ability Grant 2013-14	Title I 2011-12
Cash and investments - beginning	\$ 565	\$ 1,598	\$ -	\$ 7,178	\$ 985	\$ -	\$ -
Receipts:							
Local sources	-	-	-	4,230	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	26,978	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	4,230	-	26,978	-
Disbursements:							
Current:							
Instruction	565	-	-	-	985	20,068	-
Support services	-	316	-	7,655	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	565	316	-	7,655	985	20,068	-
Excess (deficiency) of receipts over disbursements	(565)	(316)	-	(3,425)	(985)	6,910	-
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	(565)	(316)	-	(3,425)	(985)	6,910	-
Cash and investments - ending	\$ -	\$ 1,282	\$ -	\$ 3,753	\$ -	\$ 6,910	\$ -

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

	Title I 2012-13	Title I 2013-14	Title I, Part C Migrant 2011-12	Title I, Part C Migrant 2012-13	Title I, Part C Migrant	Special Educ Tech Grant	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (3,482)	\$ -	\$ -	\$ (761)	\$ -	\$ (45,774)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	68,438	-
Federal sources	11,295	51,810	-	941	20,219	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>11,295</u>	<u>51,810</u>	<u>-</u>	<u>941</u>	<u>20,219</u>	<u>68,438</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	7,813	50,096	-	-	19,854	22,664	-
Support services	-	3,675	-	180	365	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>7,813</u>	<u>53,771</u>	<u>-</u>	<u>180</u>	<u>20,219</u>	<u>22,664</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,482</u>	<u>(1,961)</u>	<u>-</u>	<u>761</u>	<u>-</u>	<u>45,774</u>	<u>-</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>3,482</u>	<u>(1,961)</u>	<u>-</u>	<u>761</u>	<u>-</u>	<u>45,774</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (1,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title II, Part A 2011-13	Title II, Part A 2012-14	Title II, Part A 2013-2015	Education Jobs Fund	Payroll Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ (132)	\$ -	\$ -	\$ 4,882	\$ 52,789	\$ 3,551,538
Receipts:							
Local sources	-	-	-	-	-	-	2,677,887
Intermediate sources	-	-	-	-	-	-	244
State sources	-	-	-	-	-	-	5,336,962
Federal sources	-	416	2,690	-	-	-	269,532
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	1,231,093	165,973	1,541,716
Total receipts	-	416	2,690	-	1,231,093	165,973	9,826,341
Disbursements:							
Current:							
Instruction	-	284	2,670	-	-	-	3,363,585
Support services	-	-	20	-	-	-	3,065,592
Noninstructional services	-	-	-	-	-	-	468,821
Facilities acquisition and construction	-	-	-	-	-	-	151,991
Debt services	-	-	-	-	-	-	808,594
Nonprogrammed charges	-	-	-	-	1,231,098	154,406	1,385,504
Total disbursements	-	284	2,690	-	1,231,098	154,406	9,244,087
Excess (deficiency) of receipts over disbursements	-	132	-	-	(5)	11,567	582,254
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	488
Transfers in	-	-	-	-	-	-	1,322
Transfers out	-	-	-	-	-	-	(1,322)
Total other financing sources (uses)	-	-	-	-	-	-	488
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	132	-	-	(5)	11,567	582,742
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 4,877	\$ 64,356	\$ 4,134,280

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TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 144,789</u>	<u>\$ 8,456</u>

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Northern Tipton School Building Corporation	Construction improvements and renovations to school buildings	\$ 214,500	7/15/2010	1/15/2022
The Northern Tipton School Building Corporation	Generate cash for capital improvements	<u>1,029,000</u>	7/15/2008	1/15/2022
Total governmental activities		<u>1,243,500</u>		
Total of annual lease payments		<u>\$ 1,243,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement Liability	<u>\$ 1,485,000</u>	<u>\$ 221,333</u>
Totals		<u>\$ 1,485,000</u>	<u>\$ 221,333</u>

TRI-CENTRAL COMMUNITY SCHOOLS  
 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	\$ 60,000
Buildings	16,907,570
Improvements other than buildings	1,308,718
Machinery, equipment, and vehicles	6,145,022
Total governmental activities	24,421,310
Total capital assets	\$ 24,421,310

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF TRI-CENTRAL COMMUNITY SCHOOLS, TIPTON COUNTY, INDIANA

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

We have audited Tri-Central Community Schools' (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.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2014-005, and 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Special Tests and Provisions that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

***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 item 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that

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

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, 2014-005, and 2014-006 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

April 14, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	7935	\$ 20,059	\$ 18,022
National School Lunch Program		10.555	7935	<u>181,085</u>	<u>170,479</u>
Total - Child Nutrition Cluster				<u>201,144</u>	<u>188,501</u>
Total - Department of Agriculture				<u>201,144</u>	<u>188,501</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-7935	13,367	-
			13-7935	71,430	11,295
			14-7935	<u>-</u>	<u>51,809</u>
Total - Title I, Part A Cluster				<u>84,797</u>	<u>63,104</u>
Migrant Education_State Grant Program	Indiana Department of Education	84.011	38211-017-PN01	28	-
			38212-014-PN01	19,177	941
			38213-003-PN01	<u>-</u>	<u>20,219</u>
Total - Migrant Education_State Grant Program				<u>19,205</u>	<u>21,160</u>
Special Education Cluster					
Special Education_Grants to States	Indiana Department of Education	84.027	14-7935	-	68,438
			14211-035-PN01	16,810	-
			14212-035-PN01	<u>122,734</u>	<u>-</u>

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

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

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 Education (continued)</u>					
Special Education Cluster (continued)					
Special Education_Grants to States (continued)					
			14213-035-PN01	59,525	127,486
			14214-035-PN01	-	60,362
			99914-035-TA01	-	1,287
				<u>199,069</u>	<u>257,573</u>
Total - Special Education_Grants to States					
Special Education_Preschool Grants	Indiana Department of Education	84.173	45711-35-PN01	908	-
			45712-35-PN01	4,018	1,466
			45713-35-PN01	7,374	1,646
			45714-35-PN01	-	3,770
				<u>12,300</u>	<u>6,882</u>
Total - Special Education_Preschool Grants					
Total - Special Education Cluster				<u>211,369</u>	<u>264,455</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	12-7935	11,566	-
			13-7935	27,682	415
			14-7935	-	2,690
				<u>39,248</u>	<u>3,105</u>
Total - Improving Teacher Quality State Grants					
Education Jobs Fund	Indiana Department of Education	84.410	13-7935	3,986	-
				<u>3,986</u>	<u>-</u>
Total - Education Jobs Fund					
Total - Department of Education				<u>358,605</u>	<u>351,824</u>
Total federal awards expended				<u>\$ 559,749</u>	<u>\$ 540,325</u>

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

TRI-CENTRAL COMMUNITY SCHOOLS  
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 SEFA.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 24,727	\$ 22,602

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Special Education Cluster, Qualified for Child Nutrition Cluster
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 \_\_\_\_\_  
Special Education Cluster (IDEA)  
Child Nutrition 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 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared and submitted the SEFA via the Gateway system; however, there was no additional oversight of the SEFA information. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, there were the following errors: (a) noncash assistance was not reported in the Child Nutrition Cluster for fiscal year 2013 to 2014; (b) 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; and (c) total federal expenditures were incorrectly reported due to Special Education monies handled through the Kokomo Area Special Education Cooperative being left off the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

*Criteria*

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.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The SEFA contained the errors identified in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the preparation of the SEFA.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

**FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Special Education\_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Number): 14-7935, 14211-035-PN01,  
14212-035-PN01, 14213-035-PN01,  
14214-035-PN01, 99914-035-TA01

Pass-Through Entity: Indiana Department of Education

*Condition*

Management of 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 requirement. The School Corporation is a member of the Kokomo Area Special

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Education Cooperative (KASEC), and they provide oversight of the KASEC through the School Corporation Superintendent of Schools who serves as a member of the KASEC Board. However, the KASEC has not established an effective internal control system in relation to Allowable Costs/Cost Principles.

Semiannual Certifications related to the School Corporation's Special Education Grants to States for fiscal year 2014 could not be located by the KASEC, and therefore, were not presented for audit.

*Context*

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.

*Criteria*

OMB Circular A-87, Attachment B, paragraph 8h(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 first hand 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."

*Cause*

Management did not develop a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above. Additionally, we recommended that the School Corporation comply with the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2014-003 - EQUIPMENT AND REAL PROPERTY MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

Federal Program: Special Education\_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Number): 14-7935, 14211-035-PN01,  
14212-035-PN01, 14213-035-PN01,  
14214-035-PN01, 99914-035-TA01

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Equipment and Real Property Management and Reporting.

*Equipment and Real Property Management*

The Technology Director was the sole person responsible for maintaining and inventorying the technology equipment with no oversight.

*Reporting*

The Special Education Director was the sole person responsible for the Count of Children with Disabilities Report for 2012 with no oversight of the process.

The failure to establish an effective internal control system placed 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 program.

*Context*

The Count of Children with Disabilities Report for 2012 appears to be an isolated instance because the 2013 report contained certified signatures of oversight.

TRI-CENTRAL COMMUNITY SCHOOLS  
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 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.

*Criteria*

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."

*Cause*

Management did not develop a system of internal controls that segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-004 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY, EQUIPMENT AND REAL PROPERTY MANAGEMENT, REPORTING**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): 7935

Pass-Through Entity: Indiana Department of Education

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Equipment and Real Property Management, and Reporting.

*Activities Allowed or Unallowed and Allowable Costs/Cost Principles*

Effective internal controls have not been established to ensure the appropriate employees were paid from the School Lunch fund. The Deputy Treasurer reviewed time cards for cafeteria employees submitted by the School Lunch Director before processing payroll. However, there was not a subsequent review by someone knowledgeable of the cafeteria employees to insure that the appropriate employees were paid from the School Lunch fund.

*Eligibility*

The Food Service Director manually entered the free and reduced lunch applications that had not already been submitted electronically, into the School Corporation's food service software. A second individual was not verifying the accuracy of the data being submitted.

*Equipment and Real Property Management*

Inventory records were prepared by a third-party. However, the unit did not document a separate review of inventory purchased within the School Lunch program.

*Reporting*

Effective internal controls have not been established to verify information on the Requests for Reimbursement and Financial Reports. The School Lunch Director and Food Service Director collaborated to complete and submit the Requests for Reimbursement and Financial Reports. However, evidence to document that the information was reviewed and verified was not presented.

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.

*Context*

Internal controls were not established for these requirements throughout the audit period. 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.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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."

*Cause*

Management did not develop a system of internal controls that segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2014-005 - CASH MANAGEMENT***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): 7935  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Cash Management.

The School Lunch Director and Corporation Treasurer collaborated to establish a budget and monitor cash balances within the School Lunch fund. However, implementation of an internal control relating to the cash balance has not been established by the unit.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The cash balance in the School Lunch fund was greater than the average expenditures for 3 months at the end of each of the 24 months of the audit period. The cash balance exceeded the allowed balance of the average expenditures for 3 months by an average of approximately \$147,000 per month during the audit period.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. 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 program.

*Context*

Internal controls were not established for this requirement throughout the audit period. 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.

This instance of noncompliance was systematic throughout the audit period.

*Criteria*

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."

7 CFR 210.9(b)(2) states that the School Food Authority should:

"Limit its net cash resources to an amount that does not exceed 3 months average cash expenditures for its school food service or such other amount as may be approved in accordance with section 210.19(a)."

*Cause*

Management did not develop a system of internal controls that segregated key functions.

*Effect*

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

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-006 - SPECIAL TESTS AND PROVISIONS**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): 7935  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Special Tests and Provisions - Verification of Free and Reduced Price Applications and Paid Lunch Equity.

Evidence of a second individual reviewing the information subject to verification was not present within the grant files. The School Lunch Director was exclusively responsible for determining the paid lunch equity calculation, also without review.

Per inquiry with officials, verifications of free and reduced price lunch applications were completed during fiscal year 2012-2013; however, documentation of the verifications could not be located for audit. Verifications of free and reduced price applications for fiscal year 2013-2014 were retained for audit.

The calculation for the change in meal prices was not retained for audit for fiscal years 2012-2013 or 2013-2014. Evidence of approval for a change in meal prices was also not presented for audit.

The failure to establish an effective internal control system places the School Corporation at risk of non-compliance 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.

*Context*

Noncompliance related to verifications only existed for one year during the audit period. Noncompliance with Paid Lunch Equity requirements was systematic throughout the audit period.

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Internal controls were not established for these requirements throughout the audit period. 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.

*Criteria*

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."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title; and . . .
- (6) Records to document compliance with the requirements in §210.14(e); . . ."

7 CFR 245.6a(c) states in part:

"*Verification requirement—(1) General.* The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year."

7 CFR 210.14(e)(1) states in part:

"*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."

TRI-CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

- (13) Upon request, make all accounts and records pertaining to its nonprofit school food service available to the State agency, . . . for audit or review at a reasonable time and place. Such records shall be retained for a period of three years after the end of the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit; . . . "

*Cause*

Management did not develop a system of internal controls that segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE PREPARED DOCUMENTS

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

# TRI-CENTRAL COMMUNITY SCHOOLS

4774 NORTH 200 WEST  
SHARPSVILLE, INDIANA 46068-9457  
PHONE (765) 963-2585  
FAX (765) 963-3042

## SCHOOL BOARD MEMBERS

Chris Kelley, President  
Dan DeLong, Vice President  
Kolby Dickover, Secretary  
Jerry Fernung  
Mike Harlow  
Carol Kinder  
Craig Smith

## SUPERINTENDENT

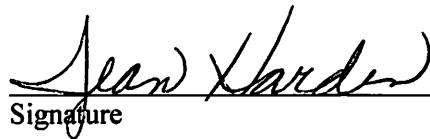
Dave Driggs  
**TREASURER**  
Lisa Dever  
**DEPUTY TREASURER**  
Cindy Tarrh  
**SECRETARY**  
Donna Cook

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2012-2

Fiscal year in which the finding initially occurred: FY 2011-12  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Jean Harden, Food Service Director  
Contact Phone Number: (765) 963-2560, Ext. 1172

Status of Audit Finding: Management has determined that proper record keeping of the documentation used for the verification process performed annually is not always retained. Internal controls have been established which will ensure that a second responsible individual confirms the verification process and the filing of the documentation for future audit of the program.

  
Signature

Food Service Director  
Title

April 14, 2016  
Date

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2012-3

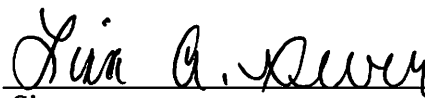
Fiscal year in which the finding initially occurred: FY 2009-10; FY 2011-12

Pass-Through Entity: Indiana Department of Education, Kokomo Area Special Education Cooperative

Contact Person Responsible for Corrective Action: Lisa A. Dever, Corporation Treasurer

Contact Phone Number: (765) 963-2585, Ext 1006

Status of Audit Finding: Subsequent to the audit of the periods FY 2010-11 and FY 2011-12, management established internal controls to address proper oversight of reports being reviewed prior to submission for reimbursement of federal grant funds. To date, the internal control process is working as established and no further problems are anticipated.



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Corporation Treasurer

Title

\_\_\_\_\_  
April 14, 2016

Date

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## CORRECTIVE ACTION PLAN

### FINDING 2014-001

Contact Person for Corrective Action: Lisa A. Dever, Treasurer  
Contact Phone Number: (765) 963-2585, Ext. 1006

**Views of Responsible Official:** Management understands the importance of correct reporting of the SEFA. While it is understood that internal controls need to be in place, it has been difficult to have continued oversight in this area due to a couple of reasons. There have been 3 staffing changes take place in the Administration Office since the prior audit of FY 2012. While none of those staffing changes was the position of the corporation treasurer, her duties were increased and included federal grants without any prior training on the SEFA. Until this school year, 2015-16, there have been no training opportunities to attend in order to have a better understanding of the SEFA reporting and federal grants in general. We were not aware of the role KASEC played in our SEFA reporting for special education, but now have a much better understanding of our role as well as KASEC'S.

**Description of Corrective Action Plan:** The administration has hired a grant writer, creating a separate position responsible for maintaining all federal grant funds and files. The grant writer is responsible for maintaining records to include the CFDA number, grantor agency, program title, pass-through entity, if applicable, and the pass-through identifying number. The grant writer will ensure that proper documentation is received from KASEC to reflect the total federal funds handled for special education by the pass-through agency as we are ultimately responsible for the reporting of our grant dollars. The corporation treasurer will prepare the SEFA and submit the report in Gateway after oversight by the grant writer. In this manner, the proper internal controls will be in place and will ensure accurate reporting.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.

  
Signature

Corporation Treasurer  
Title

April 14, 2016  
Date

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Donna Cook

## CORRECTIVE ACTION PLAN

### FINDING 2014-002

Contact Person for Corrective Action: Donna Cook, Grant Writer  
Contact Phone Number: (765) 963-2585, Ext. 1001

**Views of Responsible Official:** Management has changed twice since the prior audit of FY 2012, first with a new superintendent for 2.5 years and then with another newly hired superintendent at the start of the 2016 calendar year. While there have been several management and staffing changes within the administration building, it is important that the proper oversight of the KASEC co-op through proper internal controls, in relation to allowable costs/cost principles, is maintained and monitored.

**Description of Corrective Action Plan:** Management shall adopt an internal control process, including segregation of duties, in an effort to ensure the grant agreement and allowable costs/cost principles are compliant per the grant requirements. As part of the oversight of the Special Education-Grants to States, our grant writer will request, semi-annually, copies of the certifications for those employees paid from Special Education funds at KASEC. By making timely requests, reasonable assurance can be made that no material noncompliance is detected, or if so, can be corrected on a timely basis.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Corporation Grant Writer

Title

\_\_\_\_\_  
April 14, 2016

Date

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## CORRECTIVE ACTION PLAN

### FINDING 2014-003

Contact Person for Corrective Action: Staci Eller, Special Education Administrator  
Contact Phone Number: (765) 963-5885, Ext. 1352

**Views of Responsible Official:** The Corporation had a prior special education administrator who passed away after an extended illness in 2014. She was the sole proprietor of the records for special education students and the responsible party for preparing and submitting the Count of Children with Disabilities report for 2012. It has been determined that some of her official records were inadvertently destroyed after her office was cleared for her replacement to move in. There is evidence that the report was submitted but the corresponding signed document cannot be found.

**Description of Corrective Action Plan:** Management will establish proper internal controls to include segregation of duties for the maintenance and inventory of property and equipment used for the needs of special education students. The newly hired special education administrator shall be responsible for maintaining records of the special education program per the guidelines in the retention schedule utilized by the Corporation. Records shall be marked clearly for destruction at the proper time so as to deter from records being destroyed before the allowed timeframe. The special education administrator will provide necessary copies of the state reports to the Administration Office for safe file keeping upon completion.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.

  
\_\_\_\_\_  
Signature

Special Education Administrator  
\_\_\_\_\_  
Title

April 14, 2016  
\_\_\_\_\_  
Date

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Donna Cook

## CORRECTIVE ACTION PLAN

### FINDING 2014-004

Contact Person for Corrective Action: Jean Harden, Food Service Director  
Contact Phone Number: (765) 963-2560, Ext. 1172

**Views of Responsible Official:** Management understands the need for establishing, implementing and periodically reviewing internal controls for all federal grant funds. While the daily practices of the responsible individuals who manage the School Breakfast Program and National School Lunch Program have not changed over the years, we are committed to making the necessary changes in our daily and monthly routine, as needed, for proper implementation and oversight of the federal programs.

**Description of Corrective Action Plan:** Management is currently in the process of developing internal controls to implement corporation wide by adoption of the Board of School Trustees. Approval will be made by the Board for designated training materials and all pertinent personnel will receive said training as adopted. Documentation of the training will be recorded by the Corporation Treasurer and the records maintained for audit. More specifically for this audit finding, the Deputy Treasurer will send the distribution report to the Food Service Director during the payroll process for verification of employees to be paid from the school lunch fund. After review, the report will be returned to the Deputy Treasurer so that payroll may be completed as approved. The Assistant Food Service Director will be responsible for verifying the accuracy of the free and reduced lunch applications, not uploaded electronically, prior to being entered into the food service software program manually. The Food Service Director will then be responsible for entering that data after being reviewed and signed off on as approved. The annual financial report will be prepared by the Food Service Director and the Corporation Treasurer will review the figures, sign off and enter the data into the State's software program for submission. Supporting documentation will be maintained for audit. Inventory records will be kept on all equipment of significant cost by the Food Service Director. Her inventory of items determined to be fixed assets will be reviewed on location by a third party vendor biannually for reporting to the Administration Office and included on the Corporation Fixed Asset Ledger. Those items not considered to be fixed assets, costing less than the Board approved minimum, will be tracked by the Food Service Director and made available for audit. The Assistant Food Service Director will complete the requests for reimbursement from the State and the Food Service Director will review and sign off as approved then enter the data in the School Nutrition System online for official reimbursement of the monthly claims. All supporting documentation will be retained and made available for audit.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.



Signature

Food Service Director

Title

April 14, 2016

Date

# TRI-CENTRAL COMMUNITY SCHOOLS

4774 NORTH 200 WEST  
SHARPSVILLE, INDIANA 46068-9457  
PHONE (765) 963-2585  
FAX (765) 963-3042

## SCHOOL BOARD MEMBERS

Chris Kelley, President  
Dan DeLong, Vice President  
Kolby Dickover, Secretary  
Jerry Fernung  
Mike Harlow  
Carol Kinder  
Craig Smith

## SUPERINTENDENT

Dave Driggs  
TREASURER  
Lisa Dever  
DEPUTY TREASURER  
Cindy Tarrh  
SECRETARY  
Donna Cook

## CORRECTIVE ACTION PLAN

### FINDING 2014-005:

Contact Person for Corrective Action: Jean Harden, Food Service Director  
Contact Phone Number: (765) 963-2560, Ext. 1172

**Views of Responsible Official:** Management understands the need for establishing, implementing and periodically reviewing internal controls for federal grant funds. We realize that in the absence of internal controls, certain requirements of the federal grant funds have gone unnoticed quite by accident, due to instances of personnel changing and newly hired or appointed personnel not receiving proper training. Management is committed to making the necessary changes for proper implementation of internal controls and oversight of the federal programs.

**Description of Corrective Action Plan:** Management is currently in the process of developing internal controls to implement corporation wide by adoption of the Board of School Trustees. Approval will be made by the Board for designated training materials and all pertinent personnel will receive said training as adopted. Documentation of the training will be recorded by the Corporation Treasurer and the records maintained for audit. The Superintendent and Corporation Treasurer made known to the Food Service Director that the cash balance in the school lunch fund was too high approximately one year ago. A plan was put in place to reduce that balance which included hiring an additional full-time cook, adding full-time employees to the PERF plan and paying for past service credit, updating the cafeteria graphics, replacing old and worn equipment, replacing POS computers and purchasing slip-resistant shoes for all food service personnel. Management plans to recover indirect costs as related to the school lunch fund going forward as well. Monthly reports will be provided to the Food Service Director by the Corporation Treasurer for proper monitoring of the cash balance in the school lunch fund. Appropriate measures will be taken in order to maintain a minimum 3 month balance of operating expenditures.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.

  
Signature

Food Service Director  
Title

April 14, 2016  
Date

# TRI-CENTRAL COMMUNITY SCHOOLS

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SECRETARY  
Donna Cook

## CORRECTIVE ACTION PLAN

### FINDING 2014-006:

Contact Person for Corrective Action: Jean Harden, Food Service Director  
Contact Phone Number: (765) 963-2560, Ext. 1172

**Views of Responsible Official:** Management understands the need for establishing, implementing and periodically reviewing internal controls for federal grant funds. We realize that in the absence of internal controls, including segregation of duties, certain requirements of the federal grant funds have gone unnoticed. Management is committed to making the necessary changes for proper implementation of internal controls and oversight of the federal programs.

**Description of Corrective Action Plan:** Management is currently in the process of developing internal controls to implement corporation wide by adoption of the Board of School Trustees. Approval will be made by the Board for designated training materials and all pertinent personnel will receive said training as adopted. Documentation of the training will be recorded by the Corporation Treasurer and the records maintained for audit. The Food Service Director is responsible for the verification of a random sampling of free and reduced lunch applications. A second individual will review those same applications for accuracy and all documentation, along with the reviewers' initials and date reviewed, shall be maintained for audit. Paid lunch equity shall be determined annually by the Food Service Director and reviewed and verified by the Corporation Treasurer. Proper procedures shall be followed by presenting to the Board of School Trustees all increases in lunch prices for approval prior to the start of the school term. All documentation to support the calculation of school lunch equity shall be maintained for audit.

**Anticipated Completion Date:** Management anticipates having official internal controls and training documents approved by 6/30/2016. We anticipate being in full compliance with personnel training by year-end 2016 but will strive for completion at the earliest date possible after the school term commences in the fall of 2016.

  
Signature

Food Service Director  
Title

April 14, 2016  
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/>.