

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TRITON SCHOOL CORPORATION
MARSHALL COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
12/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michelle L. Babcock Thomas S. McFarland	07-01-14 to 09-14-15 09-15-15 to 06-30-18
Superintendent of Schools	Donna J. Burroughs	07-01-14 to 12-31-17
President of the School Board	Amy Middaugh	01-01-14 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Triton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 November 1, 2017, 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

November 1, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Triton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 1, 2017, 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

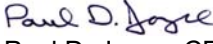
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

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

November 1, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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TRITON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 346,730	\$ 6,025,715	\$ 5,961,498	\$ 744	\$ 411,691	\$ 5,695,251	\$ 5,628,495	\$ 3,317	\$ 481,764
Debt Service	(273,958)	1,347,016	1,003,863	(50,643)	18,552	1,131,822	684,576	(26,160)	439,638
Retirement/Severance Bond Debt Service	71,857	178,110	239,823	-	10,144	2,018	-	-	12,162
Capital Projects	215,183	1,065,048	1,081,186	-	199,045	802,959	764,880	-	237,124
School Transportation	346,841	900,001	950,930	3,209	299,121	533,297	459,608	(58,611)	314,199
School Bus Replacement	73,046	141,707	18,911	-	195,842	164,335	286,921	-	73,256
Rainy Day	96,458	-	-	-	96,458	11,184	-	58,750	166,392
School Construction	-	-	410,942	1,563,500	1,152,558	-	966,323	-	186,235
School Lunch	269,134	478,389	542,664	-	204,859	461,330	558,884	-	107,305
Textbook Rental	3,502	84,563	26,741	50,643	111,967	87,450	22,094	26,160	203,483
Levy Excess	-	139	-	-	139	-	-	(139)	-
Early Intervention Grant	5,921	9,999	11,035	-	4,885	-	4,885	-	-
Early Literature Grant	-	-	-	-	-	16,120	9,361	-	6,759
K. Klotz Donation	-	-	-	-	-	1,806	1,806	-	-
Miscellaneous Programs	-	-	1,042	-	(1,042)	3,685	2,643	-	-
Marshall County Community Foundation	2,135	4,275	9,610	-	(3,200)	-	(3,200)	-	-
United Way - Countdown to Kindergarten	-	-	-	-	-	-	401	-	(401)
Formative Assessment Grant	-	-	-	-	-	13,206	12,724	-	482
High Ability Grant 2013-2015	17,522	27,667	36,923	-	8,266	-	8,264	-	2
High Ability Grant 2015-2016	-	-	-	-	-	28,678	17,380	-	11,298
Instruction Support	-	-	-	-	-	33,858	-	-	33,858
Secured Schools Safety Grant	(26,259)	38,100	11,841	-	-	-	-	-	-
Non-English Speaking Programs 2013-2015	431	2,657	1,432	-	1,656	-	1,656	-	-
Non-English Speaking Programs 2015-2016	-	-	-	-	-	4,165	2,553	-	1,612
School Technology	8,424	17,754	32,126	-	(5,948)	13,161	6,412	-	801
Performance Based Awards	-	31,941	30,842	-	1,099	28,899	29,998	-	-
Excess PTRC Distributions	8,697	-	8,697	-	-	-	-	-	-
Title I 2013-2014	(28,181)	66,994	38,813	-	-	-	-	-	-
Title I 2014-2015	-	105,786	119,497	-	(13,711)	144,550	154,704	-	(23,865)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	181,012	185,824	-	(4,812)
Preschool Handicap	-	7,683	8,070	-	(387)	8,344	7,984	-	(27)
Medicaid Reimbursement - Federal	1,721	29,062	4,476	-	26,307	53,194	40,037	-	39,464
Improving Teacher Quality, No Child Left, Title II, Part A	(20,704)	49,664	30,519	-	(1,559)	27,579	26,054	-	(34)
Title II, Part A 2015-2016	-	-	-	-	-	709	9,832	-	(9,123)
Title III - English Proficiency Migrant	(1,311)	7,331	6,127	-	(107)	1,431	1,732	-	(408)
School Lunch Prepaid Account	26,343	249,591	275,934	-	-	200,285	196,528	-	3,757
Payroll	(52,016)	1,977,343	1,896,394	-	28,933	1,625,354	1,584,846	-	69,441
Totals	<u>\$ 1,091,516</u>	<u>\$ 12,846,535</u>	<u>\$ 12,759,936</u>	<u>\$ 1,567,453</u>	<u>\$ 2,745,568</u>	<u>\$ 11,275,682</u>	<u>\$ 11,674,205</u>	<u>\$ 3,317</u>	<u>\$ 2,350,362</u>

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

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts 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.

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Other Financing Sources and Uses

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

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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.

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

TRITON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. *Negative Receipts and Disbursements*

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior periods were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

Note 8. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

Note 9. *Holding Corporation*

The School Corporation has entered into capital leases with the Triton School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$453,000 and \$596,000, respectively.

Note 10. *Subsequent Events*

The School Corporation intends to enter into a \$7,500,000 capital lease agreement with the Triton Multi Building School Corporation for the purpose of building an axillary gym, replacing the High School roof, and Elementary HVAC.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 346,730	\$ (273,958)	\$ 71,857	\$ 215,183	\$ 346,841	\$ 73,046	\$ 96,458	\$ -	\$ 269,134	\$ 3,502
Receipts:										
Local sources	81,262	900,065	113,428	834,815	433,011	122,796	-	-	219,031	53,893
Intermediate sources	192	-	-	-	-	-	-	-	-	-
State sources	5,790,372	-	-	-	7,921	-	-	-	6,198	30,670
Federal sources	153,889	-	-	-	-	-	-	-	253,160	-
Temporary loans	-	99,315	64,682	207,445	109,647	18,911	-	-	-	-
Interfund loans	-	347,636	-	-	347,636	-	-	-	-	-
Other receipts	-	-	-	22,788	1,786	-	-	-	-	-
Total receipts	6,025,715	1,347,016	178,110	1,065,048	900,001	141,707	-	-	478,389	84,563
Disbursements:										
Instruction	4,077,371	-	-	-	-	-	-	-	-	-
Support services	1,735,749	-	-	659,449	480,199	-	-	133,382	-	26,741
Noninstructional services	148,378	-	-	-	-	-	-	-	542,664	-
Facilities acquisition and construction	-	-	-	214,292	13,448	-	-	277,560	-	-
Debt service	-	656,227	239,823	207,445	109,647	18,911	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	347,636	-	-	347,636	-	-	-	-	-
Total disbursements	5,961,498	1,003,863	239,823	1,081,186	950,930	18,911	-	410,942	542,664	26,741
Excess (deficiency) of receipts over disbursements	64,217	343,153	(61,713)	(16,138)	(50,929)	122,796	-	(410,942)	(64,275)	57,822
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	1,563,500	-	-
Sale of capital assets	744	-	-	-	3,209	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	50,643
Transfers out	-	(50,643)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	744	(50,643)	-	-	3,209	-	-	1,563,500	-	50,643
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	64,961	292,510	(61,713)	(16,138)	(47,720)	122,796	-	1,152,558	(64,275)	108,465
Cash and investments - ending	\$ 411,691	\$ 18,552	\$ 10,144	\$ 199,045	\$ 299,121	\$ 195,842	\$ 96,458	\$ 1,152,558	\$ 204,859	\$ 111,967

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Levy Excess	Early Intervention Grant	Early Literature Grant	K. Klotz Donation	Miscellaneous Programs	Marshall County Community Foundation	United Way - Countdown to Kindergarten	Formative Assessment Grant	High Ability Grant 2013-2015	High Ability Grant 2015-2016
Cash and investments - beginning	\$ -	\$ 5,921	\$ -	\$ -	\$ -	\$ 2,135	\$ -	\$ -	\$ 17,522	\$ -
Receipts:										
Local sources	139	-	-	-	-	4,275	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	9,999	-	-	-	-	-	-	27,667	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>139</u>	<u>9,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,275</u>	<u>-</u>	<u>-</u>	<u>27,667</u>	<u>-</u>
Disbursements:										
Instruction	-	8,847	-	-	1,042	(729)	-	-	36,923	-
Support services	-	2,188	-	-	-	10,339	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>11,035</u>	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>9,610</u>	<u>-</u>	<u>-</u>	<u>36,923</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>139</u>	<u>(1,036)</u>	<u>-</u>	<u>-</u>	<u>(1,042)</u>	<u>(5,335)</u>	<u>-</u>	<u>-</u>	<u>(9,256)</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>139</u>	<u>(1,036)</u>	<u>-</u>	<u>-</u>	<u>(1,042)</u>	<u>(5,335)</u>	<u>-</u>	<u>-</u>	<u>(9,256)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 139</u>	<u>\$ 4,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,042)</u>	<u>\$ (3,200)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,266</u>	<u>\$ -</u>

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs 2013-2015	Non-English Speaking Programs 2015-2016	School Technology	Performance Based Awards	Excess PTRC Distributions	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ (26,259)	\$ 431	\$ -	\$ 8,424	\$ -	\$ 8,697	\$ (28,181)	\$ -
Receipts:									
Local sources	-	-	-	-	12,345	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	38,100	2,657	-	5,409	31,941	-	-	-
Federal sources	-	-	-	-	-	-	-	66,994	105,786
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	38,100	2,657	-	17,754	31,941	-	66,994	105,786
Disbursements:									
Instruction	-	-	-	-	-	25,535	-	38,399	90,197
Support services	-	-	1,203	-	-	5,307	8,697	-	14,712
Noninstructional services	-	-	229	-	-	-	-	414	14,588
Facilities acquisition and construction	-	11,841	-	-	32,126	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,841	1,432	-	32,126	30,842	8,697	38,813	119,497
Excess (deficiency) of receipts over disbursements	-	26,259	1,225	-	(14,372)	1,099	(8,697)	28,181	(13,711)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	26,259	1,225	-	(14,372)	1,099	(8,697)	28,181	(13,711)
Cash and investments - ending	\$ -	\$ -	\$ 1,656	\$ -	\$ (5,948)	\$ 1,099	\$ -	\$ -	\$ (13,711)

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Preschool Handicap	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A 2015-2016	Title III - English Proficiency Migrant	School Lunch Prepaid Account	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,721	\$ (20,704)	\$ -	\$ (1,311)	\$ 26,343	\$ (52,016)	\$ 1,091,516
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,775,060
Intermediate sources	-	-	-	-	-	-	-	-	192
State sources	-	7,683	-	-	-	-	-	-	5,958,617
Federal sources	-	-	29,062	49,664	-	7,331	-	-	665,886
Temporary loans	-	-	-	-	-	-	-	-	500,000
Interfund loans	-	-	-	-	-	-	-	-	695,272
Other receipts	-	-	-	-	-	-	249,591	1,977,343	2,251,508
Total receipts	-	7,683	29,062	49,664	-	7,331	249,591	1,977,343	12,846,535
Disbursements:									
Instruction	-	-	248	17,614	-	3,230	-	-	4,298,677
Support services	-	8,070	4,228	12,905	-	2,897	-	-	3,106,066
Noninstructional services	-	-	-	-	-	-	-	-	706,273
Facilities acquisition and construction	-	-	-	-	-	-	-	-	549,267
Debt service	-	-	-	-	-	-	-	-	1,232,053
Nonprogrammed charges	-	-	-	-	-	-	275,934	1,896,394	2,172,328
Interfund loans	-	-	-	-	-	-	-	-	695,272
Total disbursements	-	8,070	4,476	30,519	-	6,127	275,934	1,896,394	12,759,936
Excess (deficiency) of receipts over disbursements	-	(387)	24,586	19,145	-	1,204	(26,343)	80,949	86,599
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,563,500
Sale of capital assets	-	-	-	-	-	-	-	-	3,953
Transfers in	-	-	-	-	-	-	-	-	50,643
Transfers out	-	-	-	-	-	-	-	-	(50,643)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,567,453
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(387)	24,586	19,145	-	1,204	(26,343)	80,949	1,654,052
Cash and investments - ending	\$ -	\$ (387)	\$ 26,307	\$ (1,559)	\$ -	\$ (107)	\$ -	\$ 28,933	\$ 2,745,568

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 411,691	\$ 18,552	\$ 10,144	\$ 199,045	\$ 299,121	\$ 195,842	\$ 96,458	\$ 1,152,558	\$ 204,859	\$ 111,967
Receipts:										
Local sources	12,668	1,131,822	2,018	802,959	516,398	164,335	11,184	-	213,681	57,293
Intermediate sources	175	-	-	-	-	-	-	-	-	-
State sources	5,646,371	-	-	-	16,391	-	-	-	-	30,157
Federal sources	36,037	-	-	-	-	-	-	-	247,649	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	508	-	-	-	-	-
Total receipts	<u>5,695,251</u>	<u>1,131,822</u>	<u>2,018</u>	<u>802,959</u>	<u>533,297</u>	<u>164,335</u>	<u>11,184</u>	<u>-</u>	<u>461,330</u>	<u>87,450</u>
Disbursements:										
Instruction	3,767,116	-	-	-	-	-	-	-	-	-
Support services	1,701,995	-	-	571,747	459,608	286,921	-	169,790	-	22,094
Noninstructional services	159,384	-	-	-	-	-	-	-	558,884	-
Facilities acquisition and construction	-	-	-	193,133	-	-	-	796,533	-	-
Debt service	-	684,576	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,628,495</u>	<u>684,576</u>	<u>-</u>	<u>764,880</u>	<u>459,608</u>	<u>286,921</u>	<u>-</u>	<u>966,323</u>	<u>558,884</u>	<u>22,094</u>
Excess (deficiency) of receipts over disbursements	<u>66,756</u>	<u>447,246</u>	<u>2,018</u>	<u>38,079</u>	<u>73,689</u>	<u>(122,586)</u>	<u>11,184</u>	<u>(966,323)</u>	<u>(97,554)</u>	<u>65,356</u>
Other financing sources (uses):										
Sale of capital assets	3,317	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	139	-	58,750	-	-	26,160
Transfers out	-	(26,160)	-	-	(58,750)	-	-	-	-	-
Total other financing sources (uses)	<u>3,317</u>	<u>(26,160)</u>	<u>-</u>	<u>-</u>	<u>(58,611)</u>	<u>-</u>	<u>58,750</u>	<u>-</u>	<u>-</u>	<u>26,160</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>70,073</u>	<u>421,086</u>	<u>2,018</u>	<u>38,079</u>	<u>15,078</u>	<u>(122,586)</u>	<u>69,934</u>	<u>(966,323)</u>	<u>(97,554)</u>	<u>91,516</u>
Cash and investments - ending	<u>\$ 481,764</u>	<u>\$ 439,638</u>	<u>\$ 12,162</u>	<u>\$ 237,124</u>	<u>\$ 314,199</u>	<u>\$ 73,256</u>	<u>\$ 166,392</u>	<u>\$ 186,235</u>	<u>\$ 107,305</u>	<u>\$ 203,483</u>

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Levy Excess	Early Intervention Grant	Early Literature Grant	K. Klotz Donation	Miscellaneous Programs	Marshall County Community Foundation	United Way - Countdown to Kindergarten	Formative Assessment Grant	High Ability Grant 2013-2015	High Ability Grant 2015-2016
Cash and investments - beginning	\$ 139	\$ 4,885	\$ -	\$ -	\$ (1,042)	\$ (3,200)	\$ -	\$ -	\$ 8,266	\$ -
Receipts:										
Local sources	-	-	-	1,806	3,685	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	16,120	-	-	-	-	13,206	-	28,678
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	16,120	1,806	3,685	-	-	13,206	-	28,678
Disbursements:										
Instruction	-	4,071	8,788	-	2,643	729	401	-	8,264	17,380
Support services	-	814	573	1,806	-	(3,929)	-	12,724	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,885	9,361	1,806	2,643	(3,200)	401	12,724	8,264	17,380
Excess (deficiency) of receipts over disbursements	-	(4,885)	6,759	-	1,042	3,200	(401)	482	(8,264)	11,298
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(139)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(139)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(139)	(4,885)	6,759	-	1,042	3,200	(401)	482	(8,264)	11,298
Cash and investments - ending	\$ -	\$ -	\$ 6,759	\$ -	\$ -	\$ -	\$ (401)	\$ 482	\$ 2	\$ 11,298

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs 2013-2015	Non-English Speaking Programs 2015-2016	School Technology	Performance Based Awards	Excess PTRC Distributions	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ 1,656	\$ -	\$ (5,948)	\$ 1,099	\$ -	\$ -	\$ (13,711)
Receipts:									
Local sources	33,858	-	-	-	6,597	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	4,165	6,564	28,899	-	-	-
Federal sources	-	-	-	-	-	-	-	-	144,550
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>33,858</u>	<u>-</u>	<u>-</u>	<u>4,165</u>	<u>13,161</u>	<u>28,899</u>	<u>-</u>	<u>-</u>	<u>144,550</u>
Disbursements:									
Instruction	-	-	-	-	-	29,998	-	-	113,186
Support services	-	-	1,417	2,095	-	-	-	-	20,228
Noninstructional services	-	-	239	458	-	-	-	-	21,290
Facilities acquisition and construction	-	-	-	-	6,412	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,656</u>	<u>2,553</u>	<u>6,412</u>	<u>29,998</u>	<u>-</u>	<u>-</u>	<u>154,704</u>
Excess (deficiency) of receipts over disbursements	<u>33,858</u>	<u>-</u>	<u>(1,656)</u>	<u>1,612</u>	<u>6,749</u>	<u>(1,099)</u>	<u>-</u>	<u>-</u>	<u>(10,154)</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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>33,858</u>	<u>-</u>	<u>(1,656)</u>	<u>1,612</u>	<u>6,749</u>	<u>(1,099)</u>	<u>-</u>	<u>-</u>	<u>(10,154)</u>
Cash and investments - ending	<u>\$ 33,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,612</u>	<u>\$ 801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,865)</u>

TRITON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Preschool Handicap	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A 2015-2016	Title III - English Proficiency Migrant	School Lunch Prepaid Account	Payroll	Totals
Cash and investments - beginning	\$ -	\$ (387)	\$ 26,307	\$ (1,559)	\$ -	\$ (107)	\$ -	\$ 28,933	\$ 2,745,568
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,958,304
Intermediate sources	-	-	-	-	-	-	-	-	175
State sources	-	8,344	-	-	-	-	-	-	5,798,895
Federal sources	181,012	-	53,194	27,579	709	1,431	-	-	692,161
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	200,285	1,625,354	1,826,147
Total receipts	181,012	8,344	53,194	27,579	709	1,431	200,285	1,625,354	11,275,682
Disbursements:									
Instruction	185,824	-	8,255	16,341	-	-	-	-	4,162,996
Support services	-	7,984	31,782	9,713	9,832	1,732	-	-	3,308,926
Noninstructional services	-	-	-	-	-	-	-	-	740,255
Facilities acquisition and construction	-	-	-	-	-	-	-	-	996,078
Debt service	-	-	-	-	-	-	-	-	684,576
Nonprogrammed charges	-	-	-	-	-	-	196,528	1,584,846	1,781,374
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	185,824	7,984	40,037	26,054	9,832	1,732	196,528	1,584,846	11,674,205
Excess (deficiency) of receipts over disbursements	(4,812)	360	13,157	1,525	(9,123)	(301)	3,757	40,508	(398,523)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	3,317
Transfers in	-	-	-	-	-	-	-	-	85,049
Transfers out	-	-	-	-	-	-	-	-	(85,049)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,317
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,812)	360	13,157	1,525	(9,123)	(301)	3,757	40,508	(395,206)
Cash and investments - ending	\$ (4,812)	\$ (27)	\$ 39,464	\$ (34)	\$ (9,123)	\$ (408)	\$ 3,757	\$ 69,441	\$ 2,350,362

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TRITON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 117,538</u>	<u>\$ -</u>

TRITON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Triton School Building Corporation	Building Improvements	\$ 3,000	07/15/2011	01/15/2022
Triton School Building Corporation	Building & Technology Improvements	<u>593,000</u>	06/30/2014	12/31/2017
Total of annual lease payments		<u>\$ 596,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Renovation of and Improvements including purchase of Technology	<u>\$ 1,520,000</u>	<u>\$ 115,458</u>

TRITON SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,775,000
Buildings	12,516,544
Improvements other than buildings	600,102
Machinery, equipment, and vehicles	<u>2,773,887</u>
Total capital assets	<u>\$ 17,665,533</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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Web Site: www.in.gov/sboa

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

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

Report on Compliance for Each Major Federal Program

We have audited the Triton School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. 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.

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in items 2016-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Special Tests and Provisions - Annual Report Card, High School Graduation Rate that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* 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 Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security, described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

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, 2014 to June 30, 2016.

Other 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

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


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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, 2016-003, 2016-004, and 2016-005 to be material weaknesses.

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

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

November 1, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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TRITON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15, FY 15-16	\$ -	\$ 38,407	\$ -	\$ 38,202
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15, FY 15-16	-	197,556	-	196,246
National School Lunch Program - Commodities			FY 14-15, FY 15-16	-	32,727	-	33,677
Total - National School Lunch Program				-	230,283	-	229,923
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15, FY 15-16	-	7,430	-	7,008
Total - Child Nutrition Cluster				-	276,120	-	275,133
Total - Department of Agriculture				-	276,120	-	275,133
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2015 Part B 611			14215-134-PN01	-	153,847	-	35,981
FY 2016 Part B 611			14216-105-PN01	-	-	-	181,012
Total - Special Education_Grants to State				-	153,847	-	216,993
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY 2015 Part B 619			45715-134-PN01	-	7,683	-	387
FY 2016 Part B 619			45716-105-PN01	-	-	-	7,957
Total - Special Education_Preschool Grants				-	7,683	-	8,344
Total - Special Education Cluster (IDEA)				-	161,530	-	225,337
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Basic Grant			14-5495	-	66,994	-	-
			15-5495	-	105,786	-	44,831
			16-5495	-	-	-	99,719
Total - Title I Grants to Local Educational Agencies				-	172,780	-	144,550
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Vocational Ed Grant			FY 14-15	-	4,098	-	-
			FY 15-16	-	-	-	4,098
Total - Career and Technical Education -- Basic Grants to States				-	4,098	-	4,098
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			FY 13-14	-	4,541	-	-
			FY 14-15	-	2,790	-	1,431
Total - English Language Acquisition State Grants				-	7,331	-	1,431
Supporting Effective Instruction State Grant	Indiana Department of Education	84.367					
Title II, Part A			FY 2013	-	37,805	-	465
			FY 2014	-	11,860	-	27,113
			FY 2015	-	-	-	709
Total - Supporting Effective Instruction State Grant				-	49,665	-	28,287
Total - Department of Education				-	395,404	-	403,703
Total federal awards expended				\$ -	\$ 671,524	\$ -	\$ 678,836

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

TRITON SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

TRITON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified except for Title I Grants to Local Educational Agencies which was modified
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters were reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-001

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-134-PN01, 45715-134-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. There were no controls to ensure that the final financial reports were completed and submitted.

Context

This was a systemic problem, which occurred 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Reporting requirements.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting requirements.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Child Nutrition Cluster - Eligibility and Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Program Income
Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of Finding 2014-004 from the immediate prior audit.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility and Program Income compliance requirements.

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

Eligibility

Physical applications for free and reduced price meal benefits submitted to the School Corporation were inputted into the food service software by one employee. There was no verification or review to ensure that the information was entered accurately.

Program Income

There was no effective control in place at the School Corporation to ensure that correct amounts for program income were entered into the School Corporation's financial accounting system from the cafeteria financial reporting system. Amounts were entered into the School Corporation's financial accounting system without verification or review by anyone other than the person who calculated and entered the amounts.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* during 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

TRITON SCHOOL CORPORATION
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 controls to ensure compliance with the Eligibility and Program Income compliance requirements.

Views of Responsible Officials

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

FINDING 2016-003

Subject: Title I Grants to Local Educational Agencies - Cash Management and Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5495, 15-5495, 16-5495
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management and Reporting compliance requirements. The School Corporation had not established controls to ensure that requests for reimbursement (reports) were supported by adequate documentation. The documentation used to prepare the reports and that was provided for audit was maintained at a summary level. Although the reports indicated that they were reviewed and approved by an official other than the preparer, the documentation did not provide the reviewer with sufficient detail to effectively review and verify the reports submitted by the School Corporation. Additionally, Annual Financial Reports were prepared without documented oversight or review.

Context

The lack of controls was a systemic issue, which occurred 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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation failed to establish effective internal controls that segregated key functions to ensure compliance with the requirements noted above.

Effect

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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-004

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Federal Agency: Indiana Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5495, 15-5495, 16-5495

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card,
High School Graduation Rate

Audit Findings: Material Weakness, Modified Opinion - Noncompliance

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

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation reported students as missing without the documentation required for classifying a student as missing. Only in the last two years has the high school started to retain the appropriate documentation on these students to prove movement from the School Corporation's cohort. In years prior, they did not retain the information after the student left.

Context

The lack of controls was a systemic issue. There were nineteen students listed on the 2014-2016 Graduation Cohort Status Report (Report) as mobile. Three of five students tested from the Report did not have the required supporting documentation to substantiate removing them from the cohort for mobility reasons.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 200.19(b) states in part:

"*High schools*—(1) *Graduation rate*. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

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

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted 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 controls to ensure compliance and comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-005

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5495, 15-5495, 16-5495
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Modified Opinion - Scope Limitation

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement. The School Corporation was required to properly implement policies and procedures regarding the security of tests. The School Corporation did not maintain Indiana Testing Security and Integrity Agreements (Agreements) for any individual who administered, handled, or had access to secure test materials at the district or school level in order to verify if the Agreements were reviewed and signed.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirement during the audit period. There were no Agreements retained for audit for the 2014-2015 fiscal year or for the high school for the 2015-2016 fiscal year.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

The Indiana Assessment Program Manual, Chapter 10, Section 9, Part A states in part:

". . . School corporation, accredited nonpublic school, charter school, and Choice school administrators must develop, implement and assess procedures for the secure storage, administration and delivery of standardized test books back to the IDOE via the test contractor. . . ."

Triton School Corporation 2623.01 - Test Security Provisions for Statewide Assessments policy states: ". . . D. following all procedures located in the testing manuals and those outlined by the IDOE. . . ."

Indiana Assessment Program Manual, Chapter 10, Section 4, Part D states in part: ". . . Ensure all applicable school and corporation staff review and sign the Indiana Testing Security and Integrity Agreement annually by the end of September as described in the *Code of Ethical Practices and Procedures*. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured that supporting documentation was completed and maintained for audit to ensure compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Effect

The failure to maintain and provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that adequate documentation is maintained for audit relating to the Special Tests and Provisions - Assessment System Security compliance requirement.

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.

Triton School Corporation

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Mindy Klotz, Corporation Secretary/Transportation Director

Ted Fisher, Technology Director

Bruce Gephart, Maintenance Director

Mason McIntyre, Athletic Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: **Indiana Department of Education**

Contact Person Responsible for Corrective Action: **Tom S. McFarland**

Contact Phone Number: **574-952-6464**

Status of Audit Finding:

The Corporation has implemented changes to their internal control procedures to incorporate a higher degree of segregation of duties. Grant Coordinators are provided appropriation and expenditure reports in order to maintain and track the current financial progress of their grants.

The Corporation has separated out each federal grant into its own separate fund to ensure accuracy of reporting of reimbursement requests. Requests are prepared by the Business Manager and reviewed and approved by the Superintendent.



(Signature)

Treasurer

(Title)

8/22/17

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: **Indiana Department of Education**

Contact Person Responsible for Corrective Action: **Tom S. McFarland**

Contact Phone Number: **574-952-6464**

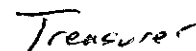
Status of Audit Finding:

The Business Manager has trained the building level staff on adequate internal controls and procedures in respect to the free and reduced meal applications and inventory control guidelines. Applications are submitted either electronically or paper copy and are verified by the building level secretary. Verification is done according to guidelines and submitted to the corporate office.

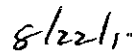
The café funds are now operated through the corporate financial reports. A separate fund has been set up separating out actual café revenue and expenses versus any prepaid meal revenue. Money is transferred from the prepaid account to the café account on a monthly basis based on actual meals served.



(Signature)



(Title)



(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: **Indiana Department of Education**

Contact Person Responsible for Corrective Action: **Tom S. McFarland**

Contact Phone Number: **574-952-6464**

Status of Audit Finding:

The Corporation contracts with an outside company to inventory all fixed assets on a bi-annual basis. The inventory is updated annually based on actual purchases throughout the current year. A complete list of assets is generated by building. A separate listed of assets purchased with federal money is kept for compliance.



(Signature)

Treasurer

(Title)

8/22/17

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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CORRECTIVE ACTION PLAN

FINDING 2016-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tom McFarland

Contact Phone Number: 574-342-2255

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation will review and adjust their internal control procedures regarding reporting and monitoring grants, more specifically the final reports associated with each grant agreement. The Corporation will begin using a check and balance system using both the Business Manager and Superintendent to ensure all reporting requirements are met.

Anticipated Completion Date: 10/31/17 and continuous

Tom McFarland
(Signature)

Business Manager
(Title)

11/1/17
(Date)

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Mason McIntyre, Athletic Director

CORRECTIVE ACTION PLAN

FINDING 2016-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tom McFarland

Contact Phone Number: 574-342-2255

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation will review and adjust their internal control procedures regarding eligibility of free and reduced lunch status and program income. The Corporation will begin using a check and balance system using both the building level secretaries and principals to ensure the accuracy of free and reduced lunch applications are correctly entered into the system. The building level secretaries will enter the information into the system and will be verified and signed off by the principal.

Regarding program income, the building level secretaries will continue to make daily deposits of all lunch money received. They will provide detailed reports to the business manager for review. Once approved, the business manager will enter the information into the financial accounting system.

Anticipated Completion Date: 10/31/17 and continuous



(Signature)

Business Manager

(Title)

11/1/17

(Date)

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Mason McIntyre, Athletic Director

CORRECTIVE ACTION PLAN

FINDING 2016-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tom McFarland

Contact Phone Number: 574-342-2255

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation will review and adjust their internal control procedures regarding grant reporting and reimbursements. The School Corporation will begin using a check and balance system using both the Superintendent and Business Manager to ensure reimbursements and annual reports are completed accurately and with proper documentation.

Anticipated Completion Date: 10/31/17 and continuous



(Signature)

Business Manager

(Title)

11/1/17

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tom McFarland

Contact Phone Number: 574-342-2255

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation will review and adjust their internal control procedures regarding the Special Tests and Provisions-Annual Report Card, High School Graduation Rate compliance requirements. The Principal will review the requirements pertaining to proper withdrawal procedures and begin retaining the proper documentation needed to support these withdrawals.

Anticipated Completion Date: 10/31/17 and continuous

Tom McFarland
(Signature)

Business Manager
(Title)

11/1/17
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tom McFarland

Contact Phone Number: 574-342-2255

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation will review and adjust their internal control procedures regarding the Special Tests and Provisions-Assessment Security. The Principal will review the requirements pertaining to proper documentation and begin retaining this documentation for the appropriate period of time.

Anticipated Completion Date: 10/31/17 and continuous

Tom McFarland
(Signature)

Business Manager
(Title)

11/1/17
(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/>.