

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TRI-COUNTY SCHOOL CORPORATION  
WHITE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
05/18/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha Bell	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Kathy Goad	07-01-14 to 06-30-18
President of the School Board	Rachel Cantrell Don Pampel	01-01-14 to 12-31-16 01-01-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Tri-County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 April 4, 2018, 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 solely 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 effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 4, 2018



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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 TRI-COUNTY SCHOOL CORPORATION, WHITE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Tri-County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 4, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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*.

**Tri-County School Corporation's Response to Findings**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 4, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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TRI-COUNTY 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	\$ 212,650	\$ 4,902,836	\$ 5,109,323	\$ 1,650	\$ 7,813	\$ 5,042,989	\$ 4,989,070	\$ 419	\$ 62,151
Debt Service	488,330	1,926,072	2,002,867	(1,057)	410,478	2,319,767	2,269,074	(279)	460,892
Retirement/Severance Bond Debt Service	133,196	96,255	229,451	-	-	-	-	-	-
Capital Projects	838,727	1,215,716	1,000,693	(248,000)	805,750	1,347,936	819,123	(300,000)	1,034,563
School Transportation	462,666	645,492	521,762	(100,000)	486,396	730,218	562,211	(99,827)	554,576
School Bus Replacement	245,892	243,761	231,959	-	257,694	244,457	140,000	-	362,151
Rainy Day	1,558,676	-	550,988	350,000	1,357,688	67,849	768,439	400,000	1,057,098
Retirement/Severance Bond	1,222,787	2,250	177,313	-	1,047,724	1,968	104,316	-	945,376
Construction	524,468	12,342	1,234,355	3,692,430	2,994,885	14,930	1,575,855	20,000	1,453,960
School Lunch	86,674	392,709	389,399	-	89,984	392,618	374,610	-	107,992
Textbook Rental	50,762	66,777	102,942	1,057	15,654	91,614	106,341	279	1,206
Levy Excess	-	173	-	-	173	-	-	(173)	-
Educational License Plates	4,069	56	-	-	4,125	75	-	-	4,200
Early Intervention Grant	-	5,481	4,671	-	810	-	810	-	-
Scholarships and Awards	16,298	104	500	-	15,902	69	1,500	-	14,471
Pampel Grant 2013-2014	1,284	-	1,284	-	-	8,906	6,682	-	2,224
Pampel/Industry Cert 2014-2015	-	7,350	5,845	-	1,505	5,030	1,586	-	4,949
Pampel/Prevent Remed 2014-2015	-	13,500	10,388	-	3,112	1	3,113	-	-
Jasper Foundation Graphic Novels	-	4,000	4,000	-	-	-	-	-	-
Jasper Foundation Grants	1,673	1,000	2,673	-	-	-	-	-	-
TC Foundation Grants	7,227	14,609	12,010	-	9,826	2,683	10,145	-	2,364
Wind Farm Academic Programs	513,268	4,547	70,344	-	447,471	7,745	83,386	-	371,830
Wind Farm Employee Enhancement	589,068	4,383	69,017	-	524,434	7,662	83,484	-	448,612
Wind Farm TC Education Foundation	836,615	5,790	-	-	842,405	10,567	-	-	852,972
Donation-Life SK, Science, Academic	630	-	159	-	471	-	471	-	-
Fuel Up to Play 60	1,235	3,200	2,013	-	2,422	-	2,422	-	-
Melchi Memorial Fund	3,000	-	3,000	-	-	-	-	-	-
Formative Assessment	-	-	-	-	-	9,203	9,203	-	-
High Ability Grant 2013-2014	6,464	-	6,464	-	-	28,126	25,325	-	2,801
High Ability Grant 2014-2015	-	27,368	25,564	-	1,804	2	1,806	-	-
Drug Free Communities	5,606	8,300	7,914	-	5,992	7,000	7,379	-	5,613
Medicaid Reimbursement	-	-	-	-	-	-	-	-	-
Non-English Speaking Programs	20	-	-	-	20	-	-	-	20
School Technology	45,422	7,197	25,808	-	26,811	7,292	20,044	-	14,059
Performance Based Awards	-	180,540	180,540	-	-	14,631	14,631	-	-
Logistics Donation Fund	9,220	-	2,606	-	6,614	-	563	-	6,051
Monsanto Ag Fund	648	-	648	-	-	-	-	-	-
Agriscience-NAAE	188	-	188	-	-	-	-	-	-
NIPSCO CTE Donation	-	-	-	-	-	5,000	5,000	-	-
Senator David Ford Technology	-	-	3,061	-	(3,061)	73,957	81,996	-	(11,100)
Title I - FY 2014 (13-14)	(8,061)	25,766	17,704	-	1	(1)	-	-	-
Title I - FY 2015 (14-15)	-	61,628	90,531	-	(28,903)	35,506	6,603	-	-
Title I - FY 2016 (15-16)	-	-	-	-	-	82,858	94,199	-	(11,341)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement - Federal	63,787	-	65	-	63,722	-	49,244	-	14,478
Improving Teaching Quality SY13 (14-15)	-	-	-	-	-	10,000	10,000	-	-
Improving Teaching Quality SY14 (15-16)	-	13,000	13,000	-	-	10,317	20,317	-	(10,000)
Payroll Withholding	18,271	1,572,700	1,574,090	-	16,881	1,601,086	1,602,247	-	15,720
Prepaid Food	4,101	590	285	-	4,406	87,536	87,789	-	4,153
Fringe Benefit Clearing	-	1,346	1,346	-	-	1,618	1,618	-	-
<b>Totals</b>	<b>\$ 7,944,862</b>	<b>\$ 11,466,838</b>	<b>\$ 13,686,770</b>	<b>\$ 3,696,080</b>	<b>\$ 9,421,010</b>	<b>\$ 12,271,215</b>	<b>\$ 13,940,602</b>	<b>\$ 20,419</b>	<b>\$ 7,772,042</b>

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

TRI-COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, 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.

TRI-COUNTY 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.

*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.

*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.

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

*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.

**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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

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

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 of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grants which were funded on a reimbursement basis. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with the Tri-County School Bldg Corp (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 \$786,500 and \$393,500, respectively.

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

**Note 8. Subsequent Events**

A \$2,000,000 General Obligation Construction Bond was issued in July 2016, to be paid in full by December 2017. Also, a \$1,580,000 General Obligation Construction Bond was issued in November 2017, to be paid in full by December 2021.

**Note 9. Other Postemployment Benefits**

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

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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 Indiana Gateway for Government Units 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 212,650	\$ 488,330	\$ 133,196	\$ 838,727	\$ 462,666	\$ 245,892	\$ 1,558,676
Receipts:							
Local sources	104,016	1,926,072	96,255	1,215,716	645,492	243,761	-
Intermediate sources	730	-	-	-	-	-	-
State sources	4,797,985	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	105	-	-	-	-	-	-
Total receipts	4,902,836	1,926,072	96,255	1,215,716	645,492	243,761	-
Disbursements:							
Instruction	3,298,612	-	-	-	-	-	263,102
Support services	1,787,488	-	-	766,182	521,762	231,959	287,886
Noninstructional services	23,223	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	234,511	-	-	-
Debt service	-	2,002,867	229,451	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,109,323	2,002,867	229,451	1,000,693	521,762	231,959	550,988
Excess (deficiency) of receipts over disbursements	(206,487)	(76,795)	(133,196)	215,023	123,730	11,802	(550,988)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	1,650	-	-	2,000	-	-	-
Transfers in	-	-	-	-	-	-	350,000
Transfers out	-	(1,057)	-	(250,000)	(100,000)	-	-
Total other financing sources (uses)	1,650	(1,057)	-	(248,000)	(100,000)	-	350,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(204,837)	(77,852)	(133,196)	(32,977)	23,730	11,802	(200,988)
Cash and investments - ending	\$ 7,813	\$ 410,478	\$ -	\$ 805,750	\$ 486,396	\$ 257,694	\$ 1,357,688

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant
Cash and investments - beginning	\$ 1,222,787	\$ 524,468	\$ 86,674	\$ 50,762	\$ -	\$ 4,069	\$ -
Receipts:							
Local sources	2,250	12,342	181,751	43,832	173	-	-
Intermediate sources	-	-	-	-	-	56	-
State sources	-	-	5,452	22,945	-	-	5,481
Federal sources	-	-	205,506	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	2,250	12,342	392,709	66,777	173	56	5,481
Disbursements:							
Instruction	-	-	-	-	-	-	2,771
Support services	177,313	-	-	102,942	-	-	1,900
Noninstructional services	-	-	389,399	-	-	-	-
Facilities acquisition and construction	-	1,234,355	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	177,313	1,234,355	389,399	102,942	-	-	4,671
Excess (deficiency) of receipts over disbursements	(175,063)	(1,222,013)	3,310	(36,165)	173	56	810
Other financing sources (uses):							
Proceeds of long-term debt	-	3,692,430	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	1,057	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	3,692,430	-	1,057	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(175,063)	2,470,417	3,310	(35,108)	173	56	810
Cash and investments - ending	\$ 1,047,724	\$ 2,994,885	\$ 89,984	\$ 15,654	\$ 173	\$ 4,125	\$ 810

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Scholarships and Awards	Pampel Grant 2013-2014	Pampel/ Industry Cert 2014-2015	Pampel/ Prevent Remed 2014-2015	Jasper Foundation Graphic Novels	Jasper Foundation Grants	TC Foundation Grants
Cash and investments - beginning	\$ 16,298	\$ 1,284	\$ -	\$ -	\$ -	\$ 1,673	\$ 7,227
Receipts:							
Local sources	104	-	7,350	13,500	4,000	1,000	14,609
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	104	-	7,350	13,500	4,000	1,000	14,609
Disbursements:							
Instruction	-	1,284	5,845	10,388	-	2,673	12,008
Support services	-	-	-	-	4,000	-	2
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-
Total disbursements	500	1,284	5,845	10,388	4,000	2,673	12,010
Excess (deficiency) of receipts over disbursements	(396)	(1,284)	1,505	3,112	-	(1,673)	2,599
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	(396)	(1,284)	1,505	3,112	-	(1,673)	2,599
Cash and investments - ending	\$ 15,902	\$ -	\$ 1,505	\$ 3,112	\$ -	\$ -	\$ 9,826

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Education Foundation	Donation- Life SK, Science, Academic	Fuel Up to Play 60	Melchi Memorial Fund
Cash and investments - beginning	\$ 513,268	\$ 589,068	\$ 836,615	\$ 630	\$ 1,235	\$ 3,000
Receipts:						
Local sources	4,547	4,383	5,790	-	3,200	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	4,547	4,383	5,790	-	3,200	-
Disbursements:						
Instruction	3,901	43,968	-	159	-	-
Support services	65,843	25,049	-	-	-	3,000
Noninstructional services	-	-	-	-	2,013	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	600	-	-	-	-	-
Total disbursements	70,344	69,017	-	159	2,013	3,000
Excess (deficiency) of receipts over disbursements	(65,797)	(64,634)	5,790	(159)	1,187	(3,000)
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	(65,797)	(64,634)	5,790	(159)	1,187	(3,000)
Cash and investments - ending	\$ 447,471	\$ 524,434	\$ 842,405	\$ 471	\$ 2,422	\$ -

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Formative Assessment	High Ability Grant 2013-2014	High Ability Grant 2014-2015	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ 6,464	\$ -	\$ 5,606	\$ -	\$ 20
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	8,300	-	-
State sources	-	-	27,368	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	27,368	8,300	-	-
Disbursements:						
Instruction	-	6,464	25,564	-	-	-
Support services	-	-	-	7,914	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	6,464	25,564	7,914	-	-
Excess (deficiency) of receipts over disbursements	-	(6,464)	1,804	386	-	-
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	-	(6,464)	1,804	386	-	-
Cash and investments - ending	\$ -	\$ -	\$ 1,804	\$ 5,992	\$ -	\$ 20

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	School Technology	Performance Based Awards	Logistics Donation Fund	Monsanto Ag Fund	Agriscience- NAAE	NIPSCO CTE Donation
Cash and investments - beginning	\$ 45,422	\$ -	\$ 9,220	\$ 648	\$ 188	\$ -
Receipts:						
Local sources	918	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	6,279	180,540	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	7,197	180,540	-	-	-	-
Disbursements:						
Instruction	-	180,540	2,606	648	188	-
Support services	25,808	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	25,808	180,540	2,606	648	188	-
Excess (deficiency) of receipts over disbursements	(18,611)	-	(2,606)	(648)	(188)	-
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	(18,611)	-	(2,606)	(648)	(188)	-
Cash and investments - ending	\$ 26,811	\$ -	\$ 6,614	\$ -	\$ -	\$ -

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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	Senator David Ford Technology	Title I - FY 2014 (13-14)	Title I - FY 2015 (14-15)	Title I - FY 2016 (15-16)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ (8,061)	\$ -	\$ -	\$ -	\$ 63,787
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	25,766	61,628	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	25,766	61,628	-	-	-
Disbursements:						
Instruction	-	17,704	90,531	-	-	-
Support services	3,061	-	-	-	-	65
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,061	17,704	90,531	-	-	65
Excess (deficiency) of receipts over disbursements	(3,061)	8,062	(28,903)	-	-	(65)
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	(3,061)	8,062	(28,903)	-	-	(65)
Cash and investments - ending	\$ (3,061)	\$ 1	\$ (28,903)	\$ -	\$ -	\$ 63,722

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Improving Teaching Quality SY13 (14-15)	Improving Teaching Quality SY14 (15-16)	Payroll Withholding	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 18,271	\$ 4,101	\$ -	\$ 7,944,862
Receipts:						
Local sources	-	-	-	-	-	4,531,061
Intermediate sources	-	-	-	-	-	9,086
State sources	-	-	-	-	-	5,046,050
Federal sources	-	13,000	1,572,700	590	1,346	1,880,536
Other receipts	-	-	-	-	-	105
Total receipts	-	13,000	1,572,700	590	1,346	11,466,838
Disbursements:						
Instruction	-	-	-	-	-	3,968,956
Support services	-	13,000	-	-	-	4,025,174
Noninstructional services	-	-	-	-	-	414,635
Facilities acquisition and construction	-	-	-	-	-	1,468,866
Debt service	-	-	-	-	-	2,232,318
Nonprogrammed charges	-	-	1,574,090	285	1,346	1,576,821
Total disbursements	-	13,000	1,574,090	285	1,346	13,686,770
Excess (deficiency) of receipts over disbursements	-	-	(1,390)	305	-	(2,219,932)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	3,692,430
Sale of capital assets	-	-	-	-	-	3,650
Transfers in	-	-	-	-	-	351,057
Transfers out	-	-	-	-	-	(351,057)
Total other financing sources (uses)	-	-	-	-	-	3,696,080
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,390)	305	-	1,476,148
Cash and investments - ending	\$ -	\$ -	\$ 16,881	\$ 4,406	\$ -	\$ 9,421,010

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 7,813	\$ 410,478	\$ -	\$ 805,750	\$ 486,396	\$ 257,694	\$ 1,357,688
Receipts:							
Local sources	207,897	2,319,767	-	1,347,936	730,218	244,457	67,849
Intermediate sources	702	-	-	-	-	-	-
State sources	4,834,381	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	9	-	-	-	-	-	-
Total receipts	5,042,989	2,319,767	-	1,347,936	730,218	244,457	67,849
Disbursements:							
Instruction	3,289,825	-	-	-	-	-	473,608
Support services	1,674,949	-	-	629,554	562,211	140,000	294,831
Noninstructional services	24,296	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	189,569	-	-	-
Debt service	-	2,269,074	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	4,989,070	2,269,074	-	819,123	562,211	140,000	768,439
Excess (deficiency) of receipts over disbursements	53,919	50,693	-	528,813	168,007	104,457	(700,590)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	419	-	-	-	-	-	-
Transfers in	-	-	-	-	173	-	400,000
Transfers out	-	(279)	-	(300,000)	(100,000)	-	-
Total other financing sources (uses)	419	(279)	-	(300,000)	(99,827)	-	400,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	54,338	50,414	-	228,813	68,180	104,457	(300,590)
Cash and investments - ending	\$ 62,151	\$ 460,892	\$ -	\$ 1,034,563	\$ 554,576	\$ 362,151	\$ 1,057,098

TRI-COUNTY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant
Cash and investments - beginning	\$ 1,047,724	\$ 2,994,885	\$ 89,984	\$ 15,654	\$ 173	\$ 4,125	\$ 810
Receipts:							
Local sources	1,968	14,930	174,331	67,823	-	-	-
Intermediate sources	-	-	-	-	-	75	-
State sources	-	-	5,373	23,791	-	-	-
Federal sources	-	-	212,914	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,968	14,930	392,618	91,614	-	75	-
Disbursements:							
Instruction	-	-	-	-	-	-	489
Support services	104,316	-	-	106,341	-	-	321
Noninstructional services	-	-	374,610	-	-	-	-
Facilities acquisition and construction	-	1,575,855	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	104,316	1,575,855	374,610	106,341	-	-	810
Excess (deficiency) of receipts over disbursements	(102,348)	(1,560,925)	18,008	(14,727)	-	75	(810)
Other financing sources (uses):							
Proceeds of long-term debt	-	20,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	279	-	-	-
Transfers out	-	-	-	-	(173)	-	-
Total other financing sources (uses)	-	20,000	-	279	(173)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(102,348)	(1,540,925)	18,008	(14,448)	(173)	75	(810)
Cash and investments - ending	\$ 945,376	\$ 1,453,960	\$ 107,992	\$ 1,206	\$ -	\$ 4,200	\$ -

TRI-COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Scholarships and Awards	Pampel Grant 2013-2014	Pampel/ Industry Cert 2014-2015	Pampel/ Prevent Remed 2014-2015	Jasper Foundation Graphic Novels	Jasper Foundation Grants	TC Foundation Grants
Cash and investments - beginning	\$ 15,902	\$ -	\$ 1,505	\$ 3,112	\$ -	\$ -	\$ 9,826
Receipts:							
Local sources	69	8,906	5,030	1	-	-	2,683
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>69</u>	<u>8,906</u>	<u>5,030</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2,683</u>
Disbursements:							
Instruction	-	6,682	1,586	3,113	-	-	9,540
Support services	-	-	-	-	-	-	605
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	1,500	-	-	-	-	-	-
Total disbursements	<u>1,500</u>	<u>6,682</u>	<u>1,586</u>	<u>3,113</u>	<u>-</u>	<u>-</u>	<u>10,145</u>
Excess (deficiency) of receipts over disbursements	<u>(1,431)</u>	<u>2,224</u>	<u>3,444</u>	<u>(3,112)</u>	<u>-</u>	<u>-</u>	<u>(7,462)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,431)</u>	<u>2,224</u>	<u>3,444</u>	<u>(3,112)</u>	<u>-</u>	<u>-</u>	<u>(7,462)</u>
Cash and investments - ending	<u>\$ 14,471</u>	<u>\$ 2,224</u>	<u>\$ 4,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,364</u>

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

	Wind Farm Academic Programs	Wind Farm Employee Enhancement	Wind Farm TC Education Foundation	Donation- Life SK, Science, Academic	Fuel Up to Play 60	Melchi Memorial Fund
Cash and investments - beginning	\$ 447,471	\$ 524,434	\$ 842,405	\$ 471	\$ 2,422	\$ -
Receipts:						
Local sources	7,745	7,662	10,567	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	7,745	7,662	10,567	-	-	-
Disbursements:						
Instruction	5,812	2,344	-	471	-	-
Support services	77,049	81,140	-	-	-	-
Noninstructional services	-	-	-	-	2,422	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	525	-	-	-	-	-
Total disbursements	83,386	83,484	-	471	2,422	-
Excess (deficiency) of receipts over disbursements	(75,641)	(75,822)	10,567	(471)	(2,422)	-
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	(75,641)	(75,822)	10,567	(471)	(2,422)	-
Cash and investments - ending	\$ 371,830	\$ 448,612	\$ 852,972	\$ -	\$ -	\$ -

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

	Formative Assessment	High Ability Grant 2013-2014	High Ability Grant 2014-2015	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ -	\$ 1,804	\$ 5,992	\$ -	\$ 20
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	7,000	-	-
State sources	9,203	28,126	2	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	9,203	28,126	2	7,000	-	-
Disbursements:						
Instruction	-	25,325	1,806	-	-	-
Support services	9,203	-	-	7,379	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	9,203	25,325	1,806	7,379	-	-
Excess (deficiency) of receipts over disbursements	-	2,801	(1,804)	(379)	-	-
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	-	2,801	(1,804)	(379)	-	-
Cash and investments - ending	\$ -	\$ 2,801	\$ -	\$ 5,613	\$ -	\$ 20

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

	School Technology	Performance Based Awards	Logistics Donation Fund	Monsanto Ag Fund	Agriscience- NAAE	NIPSCO CTE Donation
Cash and investments - beginning	\$ 26,811	\$ -	\$ 6,614	\$ -	\$ -	\$ -
Receipts:						
Local sources	728	-	-	-	-	5,000
Intermediate sources	-	-	-	-	-	-
State sources	6,564	14,631	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>7,292</u>	<u>14,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Disbursements:						
Instruction	-	14,631	563	-	-	5,000
Support services	20,044	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>20,044</u>	<u>14,631</u>	<u>563</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of receipts over disbursements	<u>(12,752)</u>	<u>-</u>	<u>(563)</u>	<u>-</u>	<u>-</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(12,752)</u>	<u>-</u>	<u>(563)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 14,059</u>	<u>\$ -</u>	<u>\$ 6,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Senator David Ford Technology	Title I - FY 2014 (13-14)	Title I - FY 2015 (14-15)	Title I - FY 2016 (15-16)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (3,061)	\$ 1	\$ (28,903)	\$ -	\$ -	\$ 63,722
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	73,957	-	-	-	-	-
Federal sources	-	(1)	35,506	82,858	-	-
Other receipts	-	-	-	-	-	-
Total receipts	73,957	(1)	35,506	82,858	-	-
Disbursements:						
Instruction	-	-	6,603	94,199	-	-
Support services	81,996	-	-	-	-	49,244
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	81,996	-	6,603	94,199	-	49,244
Excess (deficiency) of receipts over disbursements	(8,039)	(1)	28,903	(11,341)	-	(49,244)
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	(8,039)	(1)	28,903	(11,341)	-	(49,244)
Cash and investments - ending	\$ (11,100)	\$ -	\$ -	\$ (11,341)	\$ -	\$ 14,478

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

	Improving Teaching Quality SY13 (14-15)	Improving Teaching Quality SY14 (15-16)	Payroll Withholding	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 16,881	\$ 4,406	\$ -	\$ 9,421,010
Receipts:						
Local sources	-	-	-	-	-	5,225,567
Intermediate sources	-	-	-	-	-	7,777
State sources	-	-	-	-	-	4,996,028
Federal sources	10,000	10,317	-	-	-	351,594
Other receipts	-	-	1,601,086	87,536	1,618	1,690,249
Total receipts	10,000	10,317	1,601,086	87,536	1,618	12,271,215
Disbursements:						
Instruction	-	-	-	-	-	3,941,597
Support services	10,000	20,317	-	-	-	3,869,500
Noninstructional services	-	-	-	-	-	401,328
Facilities acquisition and construction	-	-	-	-	-	1,765,424
Debt service	-	-	-	-	-	2,269,074
Nonprogrammed charges	-	-	1,602,247	87,789	1,618	1,693,679
Total disbursements	10,000	20,317	1,602,247	87,789	1,618	13,940,602
Excess (deficiency) of receipts over disbursements	-	(10,000)	(1,161)	(253)	-	(1,669,387)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	20,000
Sale of capital assets	-	-	-	-	-	419
Transfers in	-	-	-	-	-	400,452
Transfers out	-	-	-	-	-	(400,452)
Total other financing sources (uses)	-	-	-	-	-	20,419
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(10,000)	(1,161)	(253)	-	(1,648,968)
Cash and investments - ending	\$ -	\$ (10,000)	\$ 15,720	\$ 4,153	\$ -	\$ 7,772,042

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TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 331,942</u>	<u>\$ 89,280</u>

TRI-COUNTY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: TRI-COUNTY SCHOOL BLDG CORP	2001 2011 CONSTRUCTION/IMPROVEMENTS - REFINANCED 2011	<u>\$ 391,500</u>	06/30/2011	12/30/2017

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	GENERAL OBLIGATION BONDS OF JUNE 2015	<u>\$ 1,000,000</u>	<u>\$ 1,005,000</u>

TRI-COUNTY 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	\$ 104,300
Buildings	50,275,606
Machinery, equipment, and vehicles	<u>2,476,725</u>
Total capital assets	<u>\$ 52,856,631</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

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

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

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

As described in item 2016-003 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's Child Nutrition Cluster programs regarding Procurement and Suspension and Debarment. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the programs.

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

***Basis for Qualified Opinion on Special Education Cluster (IDEA)***

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). 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 2016-006 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's Special Education Cluster (IDEA) programs regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

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 the Child Nutrition Cluster regarding Procurement and Suspension and Debarment, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

***Qualified Opinion on Special Education Cluster (IDEA)***

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 the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, and except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

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

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

**Report on Internal Control over Compliance**


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2016-002, 2016-003, 2016-004, 2016-005, and 2016-006 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 4, 2018

#### 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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TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed-Through to Subrecipient	Total Federal Awards Expended	Passed-Through to Subrecipient	Total Federal Awards Expended
<b>Department of Agriculture</b>							
Child Nutrition Cluster	Indiana Department of Education	10.553	FY2015 and 2016	\$ -	\$ 41,947	\$ -	\$ 44,334
School Breakfast Program							
National School Lunch Program		10.555	FY2015 and 2016	-	147,451	-	159,508
National School Lunch Program - Commodities				-	28,796	-	31,573
Total - National School Lunch Program				-	176,247	-	191,081
Summer Food Service Program for Children		10.559	FY2015 and 2016	-	16,108	-	9,072
Total - Child Nutrition Cluster				-	234,302	-	244,487
Total - Department of Agriculture				-	234,302	-	244,487
<b>Department of Education</b>							
Special Education Cluster (IDEA)	Indiana Department of Education	84.027					
Special Education_Grants to States			14213-051-PN01	-	378	-	-
			14214-051-PN01	-	51,577	-	900
			14215-051-PN01	-	118,873	-	44,249
			14216-049-PN01	-	-	-	123,428
			99914-051-TA01	-	2,293	-	60
Total - Special Education_Grants to States				-	173,121	-	168,637
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45714-051-PN-01	-	3,948	-	-
			45715-051-PN-01	-	7,849	-	3,598
			45716-049-PN-01	-	-	-	6,483
Total - Special Education_Preschool Grants				-	11,797	-	10,081
Total - Special Education Cluster (IDEA)				-	184,918	-	178,718
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			FY 2014	-	25,766	-	-
Title I			FY 2015	-	61,628	-	35,505
Title I			FY 2016	-	-	-	82,858
Total - Title I Grants to Local Educational Agencies				-	87,394	-	118,363
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			S367A120013	-	10,000	-	-
Title II Part A			S367A130013	-	-	-	10,000
Title II Part A			S367A140013	-	3,000	-	10,317
Total - Supporting Effective Instruction State Grants				-	13,000	-	20,317
Total - Department of Education				-	285,312	-	317,398
Total federal awards expended				\$ -	\$ 519,614	\$ -	\$ 561,885

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

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

**Note 1. *Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation 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.

**Note 3. *Special Education Cooperative***

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

TRI-COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
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:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster (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**

**FINDING 2016-001**

Subject: Receipts, Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Condition*

There were deficiencies in the internal control system of the School Corporation related to Financial Transactions and Reporting.

The School Corporation had not separated incompatible activities related to receipts and the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

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

*Receipts*

One individual received money, issued receipts, prepared bank deposits, took the deposits to the bank, posted receipts, and completed the bank reconciliation without evidence of a proper system of oversight or review.

*SEFA Preparation*

The School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. One employee prepared the grant information for the federal awards without a system of oversight or review to detect and correct errors before submission.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure accurate and complete reporting of receipts and federal expenditures on the SEFA.

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

*Views of Responsible Officials*

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

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

**FINDING 2016-002**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015 and 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Reporting

Audit Finding: Material Weakness

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, procurement requirements of Procurement and Suspension and Debarment, and Reporting.

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

The School Corporation had not established an effective internal control system to ensure that vendor disbursements were for allowable activities and were allowable costs. There was no evidence of a review of School Lunch fund claims prior to payment.

*Procurement*

The School Corporation had not established an effective internal control system to ensure compliance with procurement requirements. There was no evidence that someone knowledgeable of the procurement requirements reviewed the noncontracted procurement expenditures prior to payment.

*Reporting*

The School Corporation had not designed or implemented adequate policies or procedures to ensure accurate reporting of the School Food Authority (SFA) Verification Collection Reports and Annual Financial Reports. The reports were prepared by the one employee without a proper system of oversight or review.

*Context*

The lack of controls was a systemic problem throughout the audit period.

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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's management had not developed an effective system of internal controls to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, procurement requirements of Procurement and Suspension and Debarment, or Reporting compliance 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 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.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, 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.

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

***FINDING 2016-003***

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015 and 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-002.

*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 suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not comply with the suspension and debarment requirements. The School Corporation was aware of the requirements, but could not provide documentation of its verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls was a systemic issue throughout the audit period. Documentation was not provided to support compliance with the Procurement and Suspension and Debarment compliance requirement.

*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. . . ."

TRI-COUNTY 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). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured that documentation was maintained and made available for audit related to the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Procurement and Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls to ensure that documentation was maintained and made available for audit related to the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

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

***FINDING 2016-004***

Subject: School Breakfast Program and National School Lunch Program -  
Special Tests and Provisions - Verification of Free and Reduced  
Price Applications (NSLP)  
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): FY2015 and 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of  
Free and Reduced Price Applications (NSLP)  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-002.

*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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. Controls were not effective to ensure that appropriate changes were made to students' eligibility status based on the verifications performed.

The School Corporation did not comply with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) requirements. Not all of the applications verified included proper documentation of income or accurate income calculations.

*Context*

The lack of controls and the noncompliance were systemic issues throughout the audit period. All applications chosen for verification were tested; however, four of the seven applications were incorrect. Two applications did not have proper documentation of income and two included incorrect calculations of income.

*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. . . ."

TRI-COUNTY 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). . . ."

7 CRF 245.6a states in part:

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

(j) *Adverse action.* If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, . . ."

*Cause*

The School Corporation's management had not developed an effective system of internal controls to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance 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 - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

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

***FINDING 2016-005***

Subject: Special Education Cluster (IDEA) - Suspension and Debarment  
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): 14214-051-PN01, 14215-051-PN01,  
14216-049-PN01, 45715-051-PN-01,  
45716-049-PN-01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not comply with the suspension and debarment requirements. They did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period. No verification procedures were performed for any of the contracted vendors paid from the grants.

*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). . . ."

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

2 CRF 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements of the Procurement and Suspension and Debarment 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 Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-006**

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

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): 14213-051-PN01, 14214-051-PN01,  
14216-049-PN01, 99914-051-TA01,  
45714-051-PN-01, 45715-051-PN-01,  
45716-049-PN-01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

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

*Condition*

The School Corporation had not established an internal control system related to the grant agreement and the level of effort - maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation had not established an effective system of internal controls to ensure accurate calculations of maintenance of effort. One individual prepared the Maintenance of Effort (MOE) report without a proper system of oversight or review.

The School Corporation would not have met MOE requirements in the 2014-2015 school year using the same metrics used in the 2013-2014 MOE calculations. Due to this, they included disbursements that were not consistent with the prior year's calculations. Speech therapists were included in the 2014-2015 calculation, but not in the 2013-2014 calculation. Utilities were also included in the 2014-2015 calculation, but not in the 2013-2014 calculation.

In addition, the School Corporation was instructed by the Director of Cooperative School Services of the Special Education Cooperative that up to 17 percent of its utilities could be used towards the MOE calculation as well. A percentage of utilities expenditures (but not 17 percent) was used in an attempt to meet MOE requirements. The MOE was not based on actual expenditures or a reasonable adequately documented apportionment of utility expenditures.

Since the amounts reported were not based on actual special education expenditures, testing for compliance with the level of effort - maintenance of effort requirements for the school years ended June 30, 2015 and 2016, could not be performed.

*Context*

The lack of controls and lack of accurate supporting documentation were systemic issues throughout the audit period. In addition, the amounts reported for the MOE were not supported by the School Corporation's records for both school years.

*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). . . ."

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

*Cause*

The School Corporation had not established a proper internal control structure that would have ensured compliance with the level of effort - maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Matching, Level of Effort, Earmarking compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, and Earmarking compliance requirement.

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

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
**FINDING 2014-002** - Internal Control over Child Nutrition Cluster

Fiscal year in which the finding initially occurred: July 1, 2012 – June 30, 2014  
Federal Agency: Department of Agriculture  
Program: School Breakfast Program, National Lunch Program, Summer Food Services for Children  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Marsha Bell Treasurer and Dr. Kathy Goad, Superintendent  
Contact Phone Number: (219) 279-2418

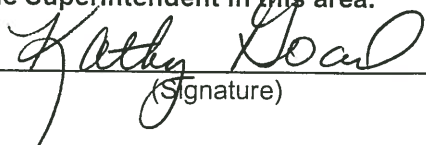
Status of Audit Finding:  
RE: Internal Control over Child Nutrition Cluster

*Cash Management* – The Corporation Assistant Treasurer completes the Lunch fund Excessive Cash Balance Worksheet each month to monitor the new cash resources and assure they are limited to three months' average expenditures.

*Eligibility*-On receipt of Free and Reduced meals applications the building secretaries forward the applications to the superintendent. She determines eligibility then sends the forms on to the Corporation Assistant Treasurer who confirms the eligibility status is accurate prior to notifying the applicant of their approved or denied eligibility status.

*Suspension and Debarment*- As of 3/13/2018 the Corporation Assistant Treasurer reviews and copies the Suspended Vendors List for both Indiana and Federal government at [www.sam.gov/portal/SAM/?navigationalstate=JBPNS\\_rO-0A](http://www.sam.gov/portal/SAM/?navigationalstate=JBPNS_rO-0A) to ensure vendors used for the food service program have not been suspended or debarred from participation in deferral programs.

*Special Tests and Provisions-Verification of Free and Reduced Price Applications*  
Following the percentages determined in the directions of the Indiana Department of Education the superintendent pulls random applications for verification. She sends a letter to the applicant from the random sample requesting verification. The Superintendent then reviews the documents received from the applicants pursuant to the directions in the letter for their continued eligibility. She then notifies them of their new eligibility status. **Moving forward we hired a Food Service Director who started in the 2017-2018 school year who will take on the responsibilities of the Superintendent in this area.**

  
\_\_\_\_\_  
(Signature)  
  
Superintendent  
\_\_\_\_\_  
(Title)  
  
3/14/18  
\_\_\_\_\_  
(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2014-003** - Federal Cash Management and Reporting

Fiscal year in which the finding initially occurred: July 1, 2012 – June 30, 2014

Federal Agency Program: Special Education Grants to States & Special Education, Preschool Grants

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Marsha Bell & Dr. Kathy Goad

Contact Phone Number: (219) 279-2418

Status of Audit Finding:

RE: Cash Management and Reporting

Tri-County School Corporation belongs to the Cooperative School Services special education co-op. The LEA of the co-op is West Central School Corporation. The Treasurer of West Central prepares the requests for reimbursement and the superintendent of West Central signs off on the requests. The West Central School Board then approves the requests before they are paid. The West Central Treasurer then send them to the CSS Director who reviews the reimbursement forms and distributes them to member schools. Once we receive the reimbursement request our Treasurer and then Superintendent review them for accuracy. Each month the CCS sent Tri-County School Corporation the fund balances, revenue, and expenditure reports for those funds that are run through the LEA for CCS. The superintendent of Tri-County reviews the reports, signs off on them, keeps a copy for our records and returns a copy to CCS. **Moving forward beginning the 2016-2017 school year Rensselaer School Corporation assumed duties as LEA and will take on the responsibilities as such.**

  
\_\_\_\_\_  
(Signature)

*Superintendent*  
\_\_\_\_\_  
(Title)

*3/1/18*  
\_\_\_\_\_  
(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).)



**Dr. Kathy Goad**  
Superintendent

105 N 2nd Street  
Wolcott, IN 47995

### CORRECTIVE ACTION PLAN

***FINDING 2016-001: Receipts, Preparation of the Schedule of Expenditures of Federal Awards***

Contact Person Responsible for Corrective Action: Kathy Goad, Marsha Bell  
Contact Phone Number: 219-279-2418

Views of Responsible Official: We concur and accept the finding.

Description of Corrective Action Plan:

*Receipts:* Money received by the school corporation in cash or check will be logged and receipted by the Assistant Treasurer then turned over to the Treasurer to prepare the bank deposit, post receipts, and complete the bank reconciliation. The reconciliation will then be reviewed and signed off by the Superintendent. Money received by the school corporation through direct deposit to our financial institution will be reviewed and sign off by the Assistant Treasurer. The Treasurer will then post receipts and complete the bank reconciliation. The reconciliation will then be reviewed and signed off by the Superintendent.

*SEFA Preparation:* The Treasurer will prepare the report of federal grant information. The Superintendent will review and sign off on the report. The Treasurer will then submit the report on the Indiana Gateway for Government Units financial reporting system.

Anticipated Completion Date: The process will start immediately (4/4/2018) with all future funds received.

Dr. Kathy Goad  
(Signature)

Superintendent  
(Title)

4/4/18  
(Date)

CORRECTIVE ACTION PLAN

**FINDING 2016-002: Child Nutrition Cluster – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Reporting**

Contact Person Responsible for Corrective Action: Kathy Goad, Karla Buntin  
Contact Phone Number: 219-279-2418

Views of Responsible Official: We concur and accept the finding.

Description of Corrective Action Plan:

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles:* claims from the School Lunch fund will be signed and submitted by the Food Service personnel preparing the voucher to the Assistant Treasurer. The Assistant Treasurer will then review and sign off on the claim to assure the disbursements were for allowable activities and were allowable costs prior to presenting the claim to the Treasurer for issuance of the check.

*Procurement:* The Assistant Treasurer will review and sign off on all non-contracted procurement expenditures prior to submitting them to the Treasurer for payment.

*Reporting:* The Assistant Treasurer will prepare the School food authority (SFA) Verification collection Reports and Annual Financial Reports. The superintendent will review and sign off on the reports before they are submitted.

Anticipated Completion Date: The process will start immediately (4/4/2018) with all future funds received.

Dr. Kathy Goad  
(Signature)

Superintendent  
(Title)

4/4/18  
(Date)



**Dr. Kathy Goad**  
Superintendent

105 N 2nd Street  
Wolcott, IN 47995

CORRECTIVE ACTION PLAN

**FINDING 2016-003: Suspension and Debarment**

Contact Person Responsible for Corrective Action: Kathy Goad, Karla Buntin  
Contact Phone Number: 219-279-2418

Views of Responsible Official: We concur and accept the finding.

Description of Corrective Action Plan:

The Assistant Treasurer will file copies of the Procurement and Suspension and Debarment vendor records, after looking them up online, as verification she/her reviewed these reports to assure appropriate vendors are used.

Anticipated Completion Date: The process will start immediately (4/4/2018) with all future funds received.

Dr. Kathy Goad  
(Signature)

Superintendent  
(Title)

4/4/18  
(Date)



**Dr. Kathy Goad**  
Superintendent

105 N 2nd Street  
Wolcott, IN 47995

CORECTIVE ACTION PLAN

**FINDING 2016-004: Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)**

Contact Person Responsible for Corrective Action: Kathy Goad, Karla Buntin, Cheri Frantz  
Contact Phone Number: 219-279-2418

Views of Responsible Official: We concur and accept the finding.

Description of Corrective Action Plan: Following the percentages determined in the directions of the Indiana Department of Education the Food Service Director pulls random applications for verification. She/he sends a letter to the applicant from the random sample requesting verification. The Food Service Director then reviews the documents received from the applicants pursuant to the directions in the letter for their continued eligibility. She/he forwards the documents to the Assistant Treasurer to review for final eligibility determination. The Food Service Director then notifies them applicant by mail of their updated eligibility status

Anticipated Completion Date: The process will start immediately (4/4/2018) with all future funds received.

Dr. Kathy Goad  
(Signature)

Superintendent  
(Title)

4/4/18  
(Date)

CORRECTIVE ACTION PLAN

**Finding 2016-005**

**Subject: Special Education Cluster (IDEA) – Suspension and Debarment**

Contact Person Responsible for Corrective Action: Marsha Bell

Contact Phone Number: (219) 279-2418

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In order to be compliant with the Suspension and Debarment requirements:

- A. The LEA School Corporation/Special Education Cooperative Services will check the SAM exclusions by checking the website (sam.gov) to verify status or collecting a Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion Lower Tier Covered Transactions form from the vendor prior to entering into any contractual agreement.
- B. The documentation will be maintained at the LEA School and Cooperative School Services. The director of the Cooperative School Services will send a copy to Tri-County School Corporation, which is maintained in our files.

Anticipated Completion Date: March 26, 2018

*Marsha Bell*

(Signature)

Treasurer

(Title)

4.4.18

(Date)

CORRECTIVE ACTION PLAN

105 N 2nd Street  
Wolcott, IN 47995

***Finding 2016-006***

***Subject: Special Education Cluster – Level of Effort – Maintenance of Effort (MOE)***

Contact Person Responsible for Corrective Action: Marsha Bell

Contact Phone Number: (219) 279-2418

Views of Responsible Official:

When calculating the MOE the treasurer followed the instructions given by the Cooperative Services director, as far as including a % of utilities. It was the treasurer's interpretation that using the utility cost was optional and that the school only had to use enough of the utility cost to meet the MOE requirement.

Description of Corrective Action Plan:

In order to be compliant with the calculation of the MOE report:

The school treasurer will calculate the Maintenance of Effort (MOE) per the instructions and use the same formulas/calculation each year.

After the treasurer completes the MOE report, the financial documentation and report will be given to the Superintendent for review and signature.

Anticipated Completion Date: April 4, 2018.

Marsha Bell  
(Signature)

Treas  
(Title)

4-4-18  
(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/>.