

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TRI-CENTRAL COMMUNITY SCHOOLS
TIPTON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/20/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Dever	07-01-14 to 12-31-18
Superintendent of Schools	Tim Garland Dave Driggs	07-01-14 to 12-31-15 01-01-16 to 12-31-18
President of the School Board	Chris Kelley Kolby Dickover	07-01-14 to 01-08-17 01-09-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Tri-Central Community Schools (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 May 15, 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

May 15, 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-CENTRAL COMMUNITY SCHOOLS, TIPTON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Tri-Central Community Schools (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 May 15, 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 a certain deficiency 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 deficiency 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Tri-Central Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 15, 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-CENTRAL COMMUNITY SCHOOLS
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	\$ 318,181	\$ 5,270,918	\$ 5,287,808	\$ 60	\$ 301,351	\$ 5,110,520	\$ 4,732,879	\$ 57,963	\$ 736,955
Debt Service	780,263	1,434,568	2,012,038	(2,510)	200,283	1,921,664	1,531,152	-	590,795
Retirement/Severance Bond Debt Service	178,507	200,318	221,333	-	157,492	153,312	223,888	-	86,916
Capital Projects	772,887	748,005	953,999	-	566,893	976,706	807,853	(58,844)	676,902
School Transportation	1,276,169	651,569	492,384	(360,000)	1,075,354	680,801	495,615	(411,752)	848,788
School Bus Replacement	311,694	19,588	122,957	-	208,325	18,185	85,580	(8,000)	132,930
Rainy Day	1	-	140,259	360,000	219,742	21,722	530,668	480,564	191,360
Retirement/Severance Bond	69,945	-	2,870	-	67,075	-	2,460	-	64,615
School Lunch	214,956	390,015	408,061	-	196,910	374,655	359,609	(60,000)	151,956
Textbook Rental	126,715	84,071	87,648	2,510	125,648	77,838	92,875	-	110,611
Levy Excess	-	106	-	-	106	-	-	(106)	-
Early Intervention Grant	-	10,000	-	-	10,000	-	10,000	-	-
Construction, Remodeling, and Equipping Buildings	-	2,500	2,500	-	-	-	-	-	-
After School Tutoring Program	-	-	-	-	-	4,000	3,862	-	138
Secured Schools Safety Grant	-	13,977	15,149	-	(1,172)	1,172	-	-	-
NESP Grant 2014-2015	-	2,199	1,706	-	493	-	492	-	1
NESP Grant 2015-2016	-	-	-	-	-	4,718	4,618	-	100
School Technology	-	-	-	-	-	85,000	50,294	-	34,706
Dollar General Literacy Grant	-	3,820	3,820	-	-	-	-	-	-
IYI Professional Development Grant	-	750	750	-	-	-	-	-	-
Technology Planning Grant	-	5,692	5,692	-	-	8,465	9,196	731	-
Miscellaneous Programs	-	-	-	-	-	-	-	-	-
Be You Tiful Program	-	1,975	555	-	1,420	-	713	-	707
Grad Point Grant 2014-2017	-	3,180	3,180	-	-	3,180	3,180	-	-
HHST Wellness Grant 2013-2014	-	640	636	-	4	-	-	-	4
IU Health Strong Schools Grant	-	1,000	1,000	-	-	-	-	-	-
Emergency Assistance Fund 2014	-	375	375	-	-	-	-	-	-
Smithville Charitable Foundation	5,245	-	5,245	-	-	-	-	-	-
Smithville Grant 2014-15	-	34,000	-	-	34,000	-	33,988	-	12
MAC Grant	500	-	500	-	-	500	499	-	1
Secured Schools Safety Grant	-	-	-	-	-	10,710	9,916	-	794
Proneer/Smart Board Grant	1,282	-	1,282	-	-	-	-	-	-
Recognition/Award Grant	3,753	4,245	3,491	-	4,507	4,110	1,482	-	7,135
High Ability Grant 2013-14	6,910	-	6,911	-	(1)	-	-	-	(1)
High Ability Grant 2014-15	-	27,982	22,257	-	5,725	-	5,724	-	1
High Ability Grant 2015-16	-	-	-	-	-	27,973	19,380	-	8,593
1003A Title I Improvement	-	2,000	6,280	-	(4,280)	19,000	14,720	-	-
1003A Improvement 2015-16	-	-	-	-	-	1,500	4,477	-	(2,977)
Title I 2013-14	(1,961)	17,393	15,431	-	1	-	-	-	1
Title I 2014-15	-	34,580	36,532	-	(1,952)	19,923	17,971	-	-
Title I 2015-16	-	-	-	-	-	46,961	49,513	-	(2,552)
Title I, Part C Migrant 2013-14	-	2,882	1,162	(1,720)	-	-	-	-	-
Title I, Part C Migrant 2014-15	-	8,777	11,394	1,720	(897)	5,718	4,820	-	1
Title I, Part C Migrant 2015-16	-	-	-	-	-	2,780	3,038	(143)	(401)
Title II, Part A 2013-15	-	23,308	23,606	-	(298)	298	-	-	-
Title II, Part A 2014-16	-	4,013	5,216	-	(1,203)	11,511	9,856	-	452
Title II, Part A 2015-17	-	-	-	-	-	3,710	3,710	-	-
Prepaid Lunch	64,356	165,177	224,813	-	4,720	160,600	162,177	-	3,143
ECA P-Card Activity	-	-	-	-	-	33,908	33,005	-	903
Payroll Clearing	4,877	1,256,239	1,261,024	-	92	1,285,232	1,283,361	-	1,963
Totals	\$ 4,134,280	\$ 10,425,862	\$ 11,389,864	\$ 60	\$ 3,170,338	\$ 11,076,372	\$ 10,602,571	\$ 413	\$ 3,644,552

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

TRI-CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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-CENTRAL COMMUNITY SCHOOLS
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.

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

F. Other Financing Sources and Uses

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

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

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

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

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Tri-Central Community Schools Building Corporation (formerly known as Northern Tipton School Building Corporation) (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$2,014,250 and \$1,531,500, respectively.

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

Note 9. Subsequent Events

The School Corporation, subsequently, entered into a lease rental agreement in the amount of \$4,305,000 on October 4, 2017 (closing date). This is refunding of Mortgage Refunding Bonds 2008.

The School Corporation, subsequently, entered into a lease rental agreement in the amount of \$2,552,328.46 on August 10, 2017 (closing date). This is a Guaranteed Energy Savings Equipment Lease.

Note 10. Other Postemployment Benefits

The School Corporation provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation 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-CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 318,181	\$ 780,263	\$ 178,507	\$ 772,887	\$ 1,276,169	\$ 311,694	\$ 1	\$ 69,945
Receipts:								
Local sources	56,200	1,434,568	200,318	727,394	651,010	19,588	-	-
Intermediate sources	56	-	-	-	-	-	-	-
State sources	5,198,634	-	-	-	-	-	-	-
Federal sources	15,591	-	-	6,495	-	-	-	-
Other receipts	437	-	-	14,116	559	-	-	-
Total receipts	<u>5,270,918</u>	<u>1,434,568</u>	<u>200,318</u>	<u>748,005</u>	<u>651,569</u>	<u>19,588</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	3,269,870	-	-	-	-	-	62,316	1,240
Support services	1,882,292	-	-	522,677	492,384	122,957	77,943	1,450
Noninstructional services	135,646	-	-	-	-	-	-	180
Facilities acquisition and construction	-	-	-	431,322	-	-	-	-
Debt service	-	2,012,038	221,333	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>5,287,808</u>	<u>2,012,038</u>	<u>221,333</u>	<u>953,999</u>	<u>492,384</u>	<u>122,957</u>	<u>140,259</u>	<u>2,870</u>
Excess (deficiency) of receipts over disbursements	<u>(16,890)</u>	<u>(577,470)</u>	<u>(21,015)</u>	<u>(205,994)</u>	<u>159,185</u>	<u>(103,369)</u>	<u>(140,259)</u>	<u>(2,870)</u>
Other financing sources (uses):								
Sale of capital assets	60	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	360,000	-
Transfers out	-	(2,510)	-	-	(360,000)	-	-	-
Total other financing sources (uses)	<u>60</u>	<u>(2,510)</u>	<u>-</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>360,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,830)</u>	<u>(579,980)</u>	<u>(21,015)</u>	<u>(205,994)</u>	<u>(200,815)</u>	<u>(103,369)</u>	<u>219,741</u>	<u>(2,870)</u>
Cash and investments - ending	<u>\$ 301,351</u>	<u>\$ 200,283</u>	<u>\$ 157,492</u>	<u>\$ 566,893</u>	<u>\$ 1,075,354</u>	<u>\$ 208,325</u>	<u>\$ 219,742</u>	<u>\$ 67,075</u>

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

	School Lunch	Textbook Rental	Levy Excess	Early Intervention Grant	Construction, Remodeling, and Equipping Buildings	After School Tutoring Program	Secured Schools Safety Grant
Cash and investments - beginning	\$ 214,956	\$ 126,715	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	225,313	57,454	-	-	2,500	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,513	26,191	106	10,000	-	-	-
Federal sources	159,839	-	-	-	-	-	13,977
Other receipts	350	426	-	-	-	-	-
Total receipts	<u>390,015</u>	<u>84,071</u>	<u>106</u>	<u>10,000</u>	<u>2,500</u>	<u>-</u>	<u>13,977</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	87,648	-	-	-	-	15,149
Noninstructional services	393,886	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	2,500	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	14,175	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>408,061</u>	<u>87,648</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>15,149</u>
Excess (deficiency) of receipts over disbursements	<u>(18,046)</u>	<u>(3,577)</u>	<u>106</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(1,172)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	2,510	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,510</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>(18,046)</u>	<u>(1,067)</u>	<u>106</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(1,172)</u>
Cash and investments - ending	<u>\$ 196,910</u>	<u>\$ 125,648</u>	<u>\$ 106</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,172)</u>

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

	NESP Grant 2014-2015	NESP Grant 2015-2016	School Technology	Dollar General Literacy Grant	IYI Professional Development Grant	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	3,820	750	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	2,199	-	-	-	-	5,692	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,199</u>	<u>-</u>	<u>-</u>	<u>3,820</u>	<u>750</u>	<u>5,692</u>	<u>-</u>
Disbursements:							
Instruction	1,706	-	-	3,820	-	-	-
Support services	-	-	-	-	750	5,692	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>1,706</u>	<u>-</u>	<u>-</u>	<u>3,820</u>	<u>750</u>	<u>5,692</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Be You Tifful Program	Grad Point Grant 2014-2017	HHST Wellness Grant 2013-2014	IU Health Strong Schools Grant	Emergency Assistance Fund 2014	Smithville Charitable Foundation	Smithville Grant 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,245	\$ -
Receipts:							
Local sources	1,975	3,180	640	1,000	375	-	34,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,975</u>	<u>3,180</u>	<u>640</u>	<u>1,000</u>	<u>375</u>	<u>-</u>	<u>34,000</u>
Disbursements:							
Instruction	-	3,180	-	1,000	-	-	-
Support services	555	-	636	-	-	-	-
Noninstructional services	-	-	-	-	375	-	-
Facilities acquisition and construction	-	-	-	-	-	5,245	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>555</u>	<u>3,180</u>	<u>636</u>	<u>1,000</u>	<u>375</u>	<u>5,245</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,420</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(5,245)</u>	<u>34,000</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,420</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(5,245)</u>	<u>34,000</u>
Cash and investments - ending	<u>\$ 1,420</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,000</u>

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

	MAC Grant	Secured Schools Safety Grant	Pioneer/ Smart Board Grant	Recognition/ Award Grant	High Ability Grant 2013-14	High Ability Grant 2014-15	High Ability Grant 2015-16
Cash and investments - beginning	\$ 500	\$ -	\$ 1,282	\$ 3,753	\$ 6,910	\$ -	\$ -
Receipts:							
Local sources	-	-	-	4,245	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	27,982	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	4,245	-	27,982	-
Disbursements:							
Instruction	-	-	-	-	6,911	22,257	-
Support services	-	-	1,282	3,491	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	500	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	500	-	1,282	3,491	6,911	22,257	-
Excess (deficiency) of receipts over disbursements	(500)	-	(1,282)	754	(6,911)	5,725	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	-	(1,282)	754	(6,911)	5,725	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,507	\$ (1)	\$ 5,725	\$ -

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

	1003A Title I Improvement	1003A Improvement 2015-16	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I, Part C Migrant 2013-14	Title I, Part C Migrant 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ (1,961)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	2,000	-	17,393	34,580	-	2,882	8,777
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,000</u>	<u>-</u>	<u>17,393</u>	<u>34,580</u>	<u>-</u>	<u>2,882</u>	<u>8,777</u>
Disbursements:							
Instruction	6,280	-	15,431	32,857	-	58	9,801
Support services	-	-	-	3,675	-	1,104	1,593
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>6,280</u>	<u>-</u>	<u>15,431</u>	<u>36,532</u>	<u>-</u>	<u>1,162</u>	<u>11,394</u>
Excess (deficiency) of receipts over disbursements	<u>(4,280)</u>	<u>-</u>	<u>1,962</u>	<u>(1,952)</u>	<u>-</u>	<u>1,720</u>	<u>(2,617)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,720
Transfers out	-	-	-	-	-	(1,720)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,720)</u>	<u>1,720</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,280)</u>	<u>-</u>	<u>1,962</u>	<u>(1,952)</u>	<u>-</u>	<u>-</u>	<u>(897)</u>
Cash and investments - ending	<u>\$ (4,280)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1,952)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (897)</u>

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

	Title I, Part C Migrant 2015-16	Title II, Part A 2013-15	Title II, Part A 2014-16	Title II, Part A 2015-17	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 64,356	\$ 4,877	\$ 4,134,280
Receipts:							
Local sources	-	-	-	-	-	-	3,424,330
Intermediate sources	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	5,275,317
Federal sources	-	23,308	4,013	-	-	-	288,855
Other receipts	-	-	-	-	165,177	1,256,239	1,437,304
Total receipts	-	23,308	4,013	-	165,177	1,256,239	10,425,862
Disbursements:							
Instruction	-	21,635	3,875	-	-	-	3,462,237
Support services	-	1,971	1,341	-	-	-	3,224,590
Noninstructional services	-	-	-	-	-	-	530,087
Facilities acquisition and construction	-	-	-	-	-	-	439,567
Debt service	-	-	-	-	-	-	2,233,371
Nonprogrammed charges	-	-	-	-	-	-	14,175
Interfund loans	-	-	-	-	224,813	1,261,024	1,485,837
Total disbursements	-	23,606	5,216	-	224,813	1,261,024	11,389,864
Excess (deficiency) of receipts over disbursements	-	(298)	(1,203)	-	(59,636)	(4,785)	(964,002)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	60
Transfers in	-	-	-	-	-	-	364,230
Transfers out	-	-	-	-	-	-	(364,230)
Total other financing sources (uses)	-	-	-	-	-	-	60
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(298)	(1,203)	-	(59,636)	(4,785)	(963,942)
Cash and investments - ending	\$ -	\$ (298)	\$ (1,203)	\$ -	\$ 4,720	\$ 92	\$ 3,170,338

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 301,351	\$ 200,283	\$ 157,492	\$ 566,893	\$ 1,075,354	\$ 208,325	\$ 219,742	\$ 67,075
Receipts:								
Local sources	43,910	1,921,664	153,312	934,756	680,801	18,185	21,722	-
Intermediate sources	75	-	-	-	-	-	-	-
State sources	5,049,179	-	-	6,564	-	-	-	-
Federal sources	13,318	-	-	-	-	-	-	-
Other receipts	4,038	-	-	35,386	-	-	-	-
Total receipts	5,110,520	1,921,664	153,312	976,706	680,801	18,185	21,722	-
Disbursements:								
Instruction	3,080,034	-	-	-	-	-	233,502	1,160
Support services	1,510,375	-	-	548,492	495,615	85,580	297,166	1,000
Noninstructional services	142,470	-	-	-	-	-	-	300
Facilities acquisition and construction	-	-	-	259,361	-	-	-	-
Debt service	-	1,531,152	223,888	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	4,732,879	1,531,152	223,888	807,853	495,615	85,580	530,668	2,460
Excess (deficiency) of receipts over disbursements	377,641	390,512	(70,576)	168,853	185,186	(67,395)	(508,946)	(2,460)
Other financing sources (uses):								
Sale of capital assets	-	-	-	414	-	-	-	-
Transfers in	57,963	-	-	1,473	248	-	480,564	-
Transfers out	-	-	-	(60,731)	(412,000)	(8,000)	-	-
Total other financing sources (uses)	57,963	-	-	(58,844)	(411,752)	(8,000)	480,564	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	435,604	390,512	(70,576)	110,009	(226,566)	(75,395)	(28,382)	(2,460)
Cash and investments - ending	\$ 736,955	\$ 590,795	\$ 86,916	\$ 676,902	\$ 848,788	\$ 132,930	\$ 191,360	\$ 64,615

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

	School Lunch	Textbook Rental	Levy Excess	Early Intervention Grant	Construction, Remodeling, and Equipping Buildings	After School Tutoring Program	Secured Schools Safety Grant
Cash and investments - beginning	\$ 196,910	\$ 125,648	\$ 106	\$ 10,000	\$ -	\$ -	\$ (1,172)
Receipts:							
Local sources	165,290	51,533	-	-	-	4,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,430	25,768	-	-	-	-	-
Federal sources	204,775	-	-	-	-	-	1,172
Other receipts	160	537	-	-	-	-	-
Total receipts	374,655	77,838	-	-	-	4,000	1,172
Disbursements:							
Instruction	-	-	-	10,000	-	3,862	-
Support services	-	92,875	-	-	-	-	-
Noninstructional services	359,609	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	359,609	92,875	-	10,000	-	3,862	-
Excess (deficiency) of receipts over disbursements	15,046	(15,037)	-	(10,000)	-	138	1,172
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(60,000)	-	(106)	-	-	-	-
Total other financing sources (uses)	(60,000)	-	(106)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,954)	(15,037)	(106)	(10,000)	-	138	1,172
Cash and investments - ending	\$ 151,956	\$ 110,611	\$ -	\$ -	\$ -	\$ 138	\$ -

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

	NESP Grant 2014-2015	NESP Grant 2015-2016	School Technology	Dollar General Literacy Grant	IYI Professional Development Grant	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ 493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	85,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	4,718	-	-	-	8,465	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	4,718	85,000	-	-	8,465	-
Disbursements:							
Instruction	492	4,618	-	-	-	-	-
Support services	-	-	-	-	-	9,196	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	50,294	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	492	4,618	50,294	-	-	9,196	-
Excess (deficiency) of receipts over disbursements	(492)	100	34,706	-	-	(731)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	731	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	731	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(492)	100	34,706	-	-	-	-
Cash and investments - ending	\$ 1	\$ 100	\$ 34,706	\$ -	\$ -	\$ -	\$ -

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

	Be You Tifful Program	Grad Point Grant 2014-2017	HHST Wellness Grant 2013-2014	IU Health Strong Schools Grant	Emergency Assistance Fund 2014	Smithville Charitable Foundation	Smithville Grant 2014-2015	MAC Grant
Cash and investments - beginning	\$ 1,420	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 34,000	\$ -
Receipts:								
Local sources	-	3,180	-	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,180	-	-	-	-	-	500
Disbursements:								
Instruction	-	3,180	-	-	-	-	-	-
Support services	713	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	33,988	499
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	713	3,180	-	-	-	-	33,988	499
Excess (deficiency) of receipts over disbursements	(713)	-	-	-	-	-	(33,988)	1
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(713)	-	-	-	-	-	(33,988)	1
Cash and investments - ending	\$ 707	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 12	\$ 1

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

	Secured Schools Safety Grant	Pioneer/ Smart Board Grant	Recognition/ Award Grant	High Ability Grant 2013-14	High Ability Grant 2014-15	High Ability Grant 2015-16	1003A Title I Improvement
Cash and investments - beginning	\$ -	\$ -	\$ 4,507	\$ (1)	\$ 5,725	\$ -	\$ (4,280)
Receipts:							
Local sources	-	-	4,110	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	10,710	-	-	-	-	27,973	-
Federal sources	-	-	-	-	-	-	19,000
Other receipts	-	-	-	-	-	-	-
Total receipts	10,710	-	4,110	-	-	27,973	19,000
Disbursements:							
Instruction	-	-	-	-	5,724	19,380	14,720
Support services	9,916	-	1,482	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	9,916	-	1,482	-	5,724	19,380	14,720
Excess (deficiency) of receipts over disbursements	794	-	2,628	-	(5,724)	8,593	4,280
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	794	-	2,628	-	(5,724)	8,593	4,280
Cash and investments - ending	\$ 794	\$ -	\$ 7,135	\$ (1)	\$ 1	\$ 8,593	\$ -

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

	1003A Improvement 2015-16	Title I 2013-14	Title I 2014-15	Title I 2015-16	Title I, Part C Migrant 2013-14	Title I, Part C Migrant 2014-15	Title I, Part C Migrant 2015-16
Cash and investments - beginning	\$ -	\$ 1	\$ (1,952)	\$ -	\$ -	\$ (897)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	1,500	-	19,923	46,961	-	5,718	2,780
Other receipts	-	-	-	-	-	-	-
Total receipts	1,500	-	19,923	46,961	-	5,718	2,780
Disbursements:							
Instruction	-	-	17,971	45,838	-	4,820	3,038
Support services	4,477	-	-	3,675	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	4,477	-	17,971	49,513	-	4,820	3,038
Excess (deficiency) of receipts over disbursements	(2,977)	-	1,952	(2,552)	-	898	(258)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(143)
Total other financing sources (uses)	-	-	-	-	-	-	(143)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,977)	-	1,952	(2,552)	-	898	(401)
Cash and investments - ending	\$ (2,977)	\$ 1	\$ -	\$ (2,552)	\$ -	\$ 1	\$ (401)

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

	Title II, Part A 2013-15	Title II, Part A 2014-16	Title II, Part A 2015-17	Prepaid Lunch	ECA P-Card Activity	Payroll Clearing	Totals
Cash and investments - beginning	\$ (298)	\$ (1,203)	\$ -	\$ 4,720	\$ -	\$ 92	\$ 3,170,338
Receipts:							
Local sources	-	-	-	-	-	-	4,087,963
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	5,137,807
Federal sources	298	11,511	3,710	-	-	-	330,666
Other receipts	-	-	-	160,600	33,908	1,285,232	1,519,861
Total receipts	298	11,511	3,710	160,600	33,908	1,285,232	11,076,372
Disbursements:							
Instruction	-	3,922	1,440	-	-	-	3,453,701
Support services	-	5,934	2,270	-	-	-	3,068,766
Noninstructional services	-	-	-	-	-	-	502,379
Facilities acquisition and construction	-	-	-	-	-	-	344,142
Debt service	-	-	-	-	-	-	1,755,040
Interfund loans	-	-	-	162,177	33,005	1,283,361	1,478,543
Total disbursements	-	9,856	3,710	162,177	33,005	1,283,361	10,602,571
Excess (deficiency) of receipts over disbursements	298	1,655	-	(1,577)	903	1,871	473,801
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	414
Transfers in	-	-	-	-	-	-	540,979
Transfers out	-	-	-	-	-	-	(540,980)
Total other financing sources (uses)	-	-	-	-	-	-	413
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	298	1,655	-	(1,577)	903	1,871	474,214
Cash and investments - ending	\$ -	\$ 452	\$ -	\$ 3,143	\$ 903	\$ 1,963	\$ 3,644,552

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TRI-CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 148,712</u>	<u>\$ 5,929</u>

TRI-CENTRAL COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Northern Tipton School Building Corporation	Construction improvements and renovations to school buildings	\$ 214,500	07/15/10	01/15/22
Northern Tipton School Building Corporation	Renovation of and improvements to elementary school Jr/Sr high school and Administration Building	267,000	08/14/14	12/31/19
Northern Tipton School Building Corporation	Generate cash for capital improvements	<u>1,070,000</u>	07/15/08	01/15/22
Total governmental activities		<u>1,551,500</u>		
Total of annual lease payments		<u>\$ 1,551,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement Liability	\$ 1,195,000	\$ 225,690
Totals		<u>\$ 1,195,000</u>	<u>\$ 225,690</u>

TRI-CENTRAL COMMUNITY SCHOOLS
 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.

	Ending Balance
Governmental activities:	
Land	\$ 70,425
Infrastructure	255,091
Buildings	19,846,742
Improvements other than buildings	3,281,290
Machinery, equipment, and vehicles	667,379
Books and other	<u>50,000</u>
Total governmental activities	<u>24,170,927</u>
Total capital assets	<u><u>\$ 24,170,927</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-005 and 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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


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 2016-005 and 2016-006 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. 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, and 2016-004 to be significant deficiencies.

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

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

May 15, 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.

TRI-CENTRAL COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 2015	\$ -	\$ 26,002	\$ -	\$ -
School Breakfast			FY 2016	-	-	-	27,266
Total - School Breakfast Program				-	26,002	-	27,266
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			FY 2015	-	153,854	-	-
School Lunch			FY 2016	-	-	-	157,493
Commodities			FY 2015	-	25,472	-	-
Commodities			FY 2016	-	-	-	25,166
Total - National School Lunch Program				-	179,326	-	182,659
Total - Child Nutrition Cluster				-	205,328	-	209,925
Total - Department of Agriculture				-	205,328	-	209,925
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
2013 Special Ed Part B			14213-035-PN01	-	3,742	-	-
2014 Special Ed Part B			14214-035-PN01	-	134,206	-	1,018
2015 Special Ed Part B			14215-035-PN01	-	73,365	-	115,709
2016 Special Ed Part B			14216-035-PN01	-	-	-	70,248
Special Ed Tech Grant			999914-035-PN01	-	1,303	-	1,740
Total - Special Education_Grants to States				-	212,616	-	188,715
Special Education_Preschool Grants							
2013 Special Ed Part B Pre School	Indiana Department of Education	84.173					
2014 Special Ed Part B Pre School			45713-035-PN01	-	778	-	-
2015 Special Ed Part B Pre School			45714-035-PN01	-	5,397	-	222
2016 Special Ed Part B Pre School			45715-035-PN01	-	4,682	-	1,149
2016 Special Ed Part B Pre School			45716-033-PN01	-	-	-	2,262
Total - Special Education_Preschool Grants				-	10,857	-	3,633
Total - Special Education Cluster (IDEA)				-	223,473	-	192,348

TRI-CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Basic Grant			13-7935	-	17,392	-	-
Title I Basic Grant			14-7935	-	34,580	-	-
Title I Basic Grant			15-7935	-	-	-	19,923
Title I Basic Grant			16-7935	-	-	-	46,961
Advanced Education			84.010A	-	2,000	-	-
Advanced Education			S010A150014	-	-	-	19,000
Advanced Education			S010A150014	-	-	-	1,500
Total - Title I Grants to Local Educational Agencies				-	53,972	-	87,384
Migrant Education_State Grant Program	Indiana Department of Education	84.011					
Title I Pt C Migrant			38214-010-PN01	-	10,497	-	5,718
Title I Pt C Migrant			38213-003-PN01	-	1,162	-	-
Total - Migrant Education_State Grant Program				-	11,659	-	5,718
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II Pt A			FY2013	-	23,308	-	-
Title II Pt A			FY2014	-	-	-	298
Title II Pt A			14-7935	-	4,013	-	-
Title II Pt A			S367A150015	-	-	-	11,511
Title II Pt A			S367A150015	-	-	-	3,710
Total - Improving Teacher Quality State Grants				-	27,321	-	15,519
Total - Department of Education				-	316,425	-	300,969
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036					
Disaster Grant			159-UUKZV-00	-	6,495	-	-
Total - Department of Homeland Security				-	6,495	-	-
Total federal awards expended				\$ -	\$ 528,248	\$ -	\$ 510,894

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

TRI-CENTRAL COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

TRI-CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Special Education Cluster (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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-001.

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

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's SEFA. The Treasurer prepared the federal award information entered in Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The Department of Education (Title I Basic Grant - 2013) and Department of Homeland Security (Disaster Grants - Public Assistance) funds received were omitted from the SEFA.
2. The Identifying numbers for grant awards were omitted or incorrectly reported for some grant awards.
3. The Pass-through amounts were incorrectly reported.
4. The Special Education monies handled through the Kokomo Area Special Education Cooperative were overstated.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

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. . . ."

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-004.

Condition

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

The Food Service Director was responsible for receiving and inputting eligibility information. No review or oversight was documented as being conducted.

Context

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

Criteria

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility 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 grant agreement and the Eligibility 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 2016-003

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-004.

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 Reporting compliance requirement.

Effective internal controls had not been established to verify information on the Annual Financial Report and on the Verification Summary Report was accurate. No review of reported amounts was conducted.

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

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting 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 grant agreement and the Reporting 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-CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: Child Nutrition Cluster - 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): FY 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

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.

There were no controls in place to ensure that the verifications were performed and reported accurately. The Food Service Director independently completed the verification of free and reduced price applications and independently prepared the Verification Summary Report. There was no segregation of duties, such as an oversight, review, or approval process.

Context

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

Criteria

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 grant agreement and 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.

FINDING 2016-005

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation developed a procurement policy in compliance with required guidelines, but did not have adequate controls in place to ensure compliance with those requirements or the policy.

The School Corporation did not seek out price or rate quotations from an adequate number of qualified sources for small purchases as required. Of the purchases tested, four purchases totaling \$30,584 did not comply with the procurement requirements or the School Corporation's policy.

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

Context

The lack of controls and noncompliance were systemic issues during the fiscal year 2016 in which the School Corporation was subject to Uniform Guidance requirements.

Criteria

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 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

Cause

Management had not developed a proper system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment 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 grant agreement and 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-CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-006

Subject: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-005.

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 Cash Management compliance requirement.

The School Corporation's ending fund balances for the School Lunch fund exceeded the 3 month average expenditures for 9 of the 24 months of the audit period.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction:

- (iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system place the School Corporation in non-compliance with the grant agreement and the Cash Management 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 grant agreement and the Cash Management compliance requirement.

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.

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SUPERINTENDENT

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TREASURER
Lisa Dever
DEPUTY TREASURER
Cindy Tarrh
SECRETARY
Tamela Brooks

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: FY 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Tamela Brooks, Grant Writer/Corp. Secretary

Contact Phone Number: (765) 963-2585, Ext 1001

Status of Audit Finding: Management established internal controls at the conclusion of the 2014 audit period to address proper oversight of the semi-annual certifications for the employees paid with special education funds at KASEC. Administration established a new Grant Writer position giving responsibility to that person for the request of the records and the review of the certifications for compliance in relation to the Special Education Grants to States. To date, the internal control process is working as established.



Signature

Corporation Grant Writer/Secretary

Title

March 22, 2018

Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: FY 2012

Pass-Through Entity: Indiana Department of Education-Special Education-Grants to States

Contact Person Responsible for Corrective Action: Staci Eller, Special Education Administrator

Contact Phone Number: (765) 963-5885, Ext 1352

Status of Audit Finding: Management established internal controls at the conclusion of the 2014 audit period to address proper oversight of the maintenance and inventory of property and equipment purchased for the needs of special education students. The Information Technology Director has logged and kept an inventory of technology items and the Special Education Administrator keeps a record of all equipment purchases, utilizing the retention schedule for addition/disposal of necessary items. The entire inventory is sent to the Administration Office, where it is reviewed for update to the master fixed assets record for the corporation if items meet the minimum purchase threshold.

State reports for special education student counts are prepared by the State Reporting Specialist and verified by the Special Education Administrator prior to final submission to the State. Final approved, signed and dated reports are then sent to the Administration Office as required for safe file keeping. To date, the internal control processes are working as established.



Signature

Special Education Administrator

Title

March 22, 2018

Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: FY 2012-13; FY 2013-14
Federal Program: National School Lunch Program; School Breakfast Program
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2585, Ext 1172

Status of Audit Finding: Management established internal controls at the conclusion of the 2014 audit period to address proper oversight of the National School Lunch and Breakfast Programs. The proper procedures are being followed specifically as stipulated in the corrective action plan for this finding. To date, the internal control processes are working as established.



Signature

Food Service Director

Title

March 22, 2018

Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005

Fiscal year in which the finding initially occurred: FY 2012-13; FY 2013-14
Federal Program: National School Lunch Program; School Breakfast Program
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jean Harden, Food Service Director
Contact Phone Number: (765) 963-2585, Ext 1172

Status of Audit Finding: Management established internal controls at the conclusion of the 2014 audit period to address proper oversight of the National School Lunch and Breakfast Programs. The Corporation Treasurer and Food Service Director are monitoring the 3-month average School Lunch Fund balance on a monthly basis and making determinations when necessary for expending excess funds on hand. Plans for major equipment replacements and revised meal plans are taken into account for planning purposes to spend down excess funds as the end of the school year comes to a close. To date, the internal control processes are working as established.



Signature

Food Service Director

Title

March 22, 2018

Date

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Tamela Brooks

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-006

Fiscal year in which the finding initially occurred: FY 2012-13; FY 2013-14

Federal Program: National School Lunch Program; School Breakfast Program

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jean Harden, Food Service Director

Contact Phone Number: (765) 963-2585, Ext 1172

Status of Audit Finding: Management established internal controls at the conclusion of the 2014 audit period to address proper oversight of the National School Lunch and Breakfast Programs. The Corporation Treasurer is verifying annual lunch equity after the Food Service Director has completed that task. The Assistant Food Service Director is reviewing the verifications for random sampling of free and reduced lunch applications as a double-check and documenting her review. Proper action is taken and documented by the Board of Trustees to approve a change in school lunch prices annually. To date, the internal control processes are working as established.



Signature

Food Service Director

Title

March 22, 2018

Date

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CORRECTIVE ACTION PLAN


FINDING 2016-001

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

Views of Responsible Official: Management understands the importance of correct reporting of the SEFA. While it is understood that internal controls need to be in place, it is difficult to have continued oversight in this area due to staffing changes that require constant training in federal grants administration. In our small administration office, we each have multiple responsibilities and it is difficult to be an expert in one particular area such as the SEFA. The oversights made during preparation of the SEFA were due to a prior Title I fund being inactivated in our financial software system and the FEMA money we received was not created as a grant fund; therefore, it was overlooked. The treasurer had a misconception of what pass-through entities were which created some incorrectly reported figures.

Description of Corrective Action Plan: The administration hired a new grant writer in the fall of 2017 and this position is responsible for maintaining all federal grant funds and files. The grant writer is responsible for maintaining records to include the CFDA number, grantor agency, program title, pass-through entity, if applicable, and the pass-through identifying number. The grant writer will ensure that proper documentation is received from KASEC to reflect the total federal funds handled for special education. The corporation treasurer will prepare the SEFA and submit the report in Gateway after oversight by the grant writer. In this manner, the proper internal controls will be in place and will ensure accurate reporting.

Anticipated Completion Date: Management already has this internal control in place and anticipate a much better outcome with the SEFA to be prepared and submitted in August 2018. We anticipate being in full compliance with personnel training by June 30, 2018.


Signature

Corporation Treasurer
Title

May 14, 2018
Date

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CORRECTIVE ACTION PLAN

FINDING 2016-002:

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

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

Description of Corrective Action Plan: The Assistant Food Service Director will be responsible for verifying the accuracy a random sampling of 10 -12 applications submitted online for the free and reduced lunch program. The Food Service Director will then be responsible for double-checking accuracy of that data after the initial review. Using this method of verification of the accuracy of the online approval student data system, there will be verifiable evidence of both individual's review. A log will be kept of each application checked for accuracy for audit purposes.

Anticipated Completion Date: This control will be implemented by May 21, 2018.



Signature

Food Service Director

Title

May 14, 2018

Date

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CORRECTIVE ACTION PLAN

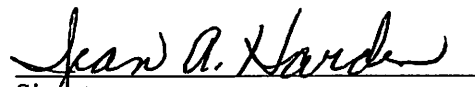
FINDING 2016-003:

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

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

Description of Corrective Action Plan: The annual financial report will be prepared by the Food Service Director and the Corporation Treasurer will review the figures, sign off and enter the data into the State's software program for submission. Supporting documentation will be maintained for audit including both individual's initials or signatures as having reviewed the data.

Anticipated Completion Date: We believe we are already in full compliance and have been since the audit of 2014, which occurred in March 2016.



Signature

Food Service Director

Title

May 14, 2018

Date

TRI-CENTRAL COMMUNITY SCHOOLS

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

SCHOOL BOARD MEMBERS

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

SUPERINTENDENT

Dave Driggs

TREASURER

Lisa Dever

DEPUTY TREASURER

Cindy Tarrh

SECRETARY

Tamela Brooks

CORRECTIVE ACTION PLAN

FINDING 2016-004:

Contact Person for Corrective Action: Jean Harden, Food Service Director

Contact Phone Number: (765) 963-2560, Ext. 1172

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

Description of Corrective Action Plan: The Food Service Director is responsible for the verification of a random sampling of free and reduced lunch applications. A second individual will review those same applications for accuracy and all documentation, along with both sets of initials and date reviewed, will be maintained for audit.

Anticipated Completion Date: Management anticipates having full compliance with this internal control by June 30, 2018.



Signature

Food Service Director

Title

May 14, 2018

Date

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CORRECTIVE ACTION PLAN

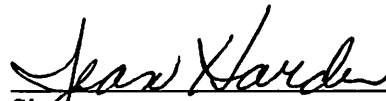
FINDING 2016-005:

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

Views of Responsible Official: An oversight was made during a complete update and change in student data systems (SDS), whereby the point of sale equipment needed to implement the food service program was purchased without obtaining three (3) quotes. The original purchase agreement with the SDS was thought to have covered that requirement as a necessary part of the changeover. Proper internal controls have not been in place to catch this sort of mistake until it is too late.

Description of Corrective Action Plan: The Board shall review its policy for micro-purchases and small purchases so as to be compliant with 2 CFR 200.320(a),(b). Upon review of the policy, the Board shall determine the proper threshold for receiving three (3) price or rate quotes as well as the threshold for fixed asset reporting and shall take action, if needed, to bring the policy for procurement into compliance. The Corporation Treasurer will provide the Food Service Director and the Assistant Food Service Director information on proper procurement policies and the date documented that it was provided. The Food Service Director will be notified of any changes in policy and moving forward, will obtain the necessary quotes as required. The superintendent will be provided the quotes for review and approval and the corporation treasurer will be provided a copy of the three (3) quotes for filing in the Administration Office.

Anticipated Completion Date: Management anticipates having full compliance as soon as possible within the guidelines of reviewing and revising policy by Board action and adoption. The intent is to have it completed by September 30, 2018. The Food Service Director shall take the necessary steps to comply with quotes effective immediately upon audit completion.



Signature

Food Service Director

Title

May 14, 2018

Date

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Cindy Tarrh
SECRETARY
Tamela Brooks

CORRECTIVE ACTION PLAN

FINDING 2016-006:

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

Views of Responsible Official: Management understands the need for establishing, implementing and periodically reviewing internal controls for all federal grant funds. While we recognize that the three (3) month average fund balance was in excess for nine (9) of the twenty-four (24) months during the audit period, we believe there exists a need for continual monitoring of the basic operating needs of the food service department. Equipment replacement must be planned as there is a need for accumulating cash balance in order to make large equipment purchases. We make every effort to get within the required 3 month average by the end of the school year and put a plan in place if needed to explain the intentions of spending down the balance.

Description of Corrective Action Plan: Monthly fund balance reports will be provided to the Food Service Director by the Corporation Treasurer for proper monitoring of the cash balance in the school lunch fund. A full review of equipment and staff needs will be done in order to determine what purchases need to be made. In addition the breakfast and lunch menus will be reviewed for possible changes and additions that may be more costly on a normal basis. These actions will help to maintain a minimum 3-month balance of operating expenditures. If large equipment or cafeteria purchases are needed, a plan will be put in writing to allow for accumulation of the fund cash balance beyond the required average 3-month balance. The Corporation Treasurer will prepare a fund balance sheet for review and signature by the Food Service Director as evidence of monthly monitoring.

Anticipated Completion Date: We anticipate being in full compliance by June 30, 2018.



Signature

Food Service Director

Title

May 14, 2018

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/>.