

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

AUDIT REPORT

OF

DECATUR COUNTY COMMUNITY SCHOOLS

DECATUR COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/23/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-05 to 12-31-09
Superintendent of Schools	Robert Cupp Daniel Roach	07-01-06 to 06-30-07 07-01-07 to 06-30-09
President of the School Board	Mark A. Koors Chris Owens	01-01-06 to 12-31-07 01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Decatur County Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 7, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 7, 2009



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Decatur County Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 7, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 7, 2009

DECATUR COUNTY COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Totals</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>	
Governmental activities:					
Instruction	\$ 10,405,978	\$ -	\$ 94,518	\$ -	\$ (10,311,460)
Support services	6,503,867	550,019	343,087	-	(5,610,761)
Community services	132,024	-	-	-	(132,024)
Nonprogrammed charges	171,810	-	-	-	(171,810)
Debt service	<u>1,060,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,060,408)</u>
 Total government	 <u>\$ 18,274,087</u>	 <u>\$ 550,019</u>	 <u>\$ 437,605</u>	 <u>\$ -</u>	 <u>(17,286,463)</u>
 General receipts:					
Property taxes					4,246,898
Other local sources					1,761,794
State aid					8,396,048
Tax anticipation notes received					4,274,000
Grants and contributions not restricted to specific programs					433,216
Sale of property, adjustments, and refunds					30,509
Investment earnings					<u>105,295</u>
 Total general receipts, interfund loans, transfers, and special items					 <u>19,247,760</u>
 Change in net assets					 1,961,297
 Net assets - beginning					 <u>4,602,347</u>
 Net assets - ending					 <u>\$ 6,563,644</u>
 <u>Assets</u>					
Cash and investments					\$ 5,827,415
Restricted assets:					
Cash and investments					<u>736,229</u>
 Total assets					 <u>\$ 6,563,644</u>
 <u>Net Assets</u>					
Restricted for:					
Debt service					\$ 719,229
Other purposes					17,000
Unrestricted					<u>5,827,415</u>
 Total net assets					 <u>\$ 6,563,644</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 10,331,668	\$ -	\$ 176,156	\$ -	\$ (10,155,512)
Support services	7,312,038	523,189	482,991	-	(6,305,858)
Community services	139,348	-	-	-	(139,348)
Nonprogrammed charges	198,361	-	-	-	(198,361)
Debt service	1,142,774	-	-	-	(1,142,774)
Total government	\$ 19,124,189	\$ 523,189	\$ 659,147	\$ -	(17,941,853)
 General receipts:					
Property taxes					6,121,805
Other local sources					1,474,840
State aid					7,999,154
Tax anticipation warrants received					4,039,000
Tax anticipation warrants paid					(4,274,000)
Grants and contributions not restricted to specific programs					770,996
Sale of property, adjustments, and refunds					64,710
Investment earnings					116,906
Total general receipts, interfund loans, transfers, and special items					16,313,411
 Change in net assets					 (1,628,442)
 Net assets - beginning					 6,563,644
 Net assets - ending					 \$ 4,935,202
 <u>Assets</u>					
Cash and investments					\$ 4,498,863
Restricted assets:					
Cash and investments					436,339
Total assets					\$ 4,935,202
 <u>Net Assets</u>					
Restricted for:					
Debt service					\$ 419,339
Other purposes					17,000
Unrestricted					4,498,863
Total net assets					\$ 4,935,202

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 3,032,660	\$ 664,884	\$ 623,326	\$ 1,070,923	\$ 39,765	\$ 1,231,399	\$ 6,662,957
Intermediate sources	-	-	-	-	-	1,050	1,050
State sources	8,476,287	-	-	-	-	117,958	8,594,245
Federal sources	-	-	-	-	-	672,624	672,624
Bonds and loans	2,886,000	829,000	299,000	-	150,000	110,000	4,274,000
Sale of property, adjustments and refunds	28,140	1,980	-	80	-	308	30,508
Total receipts	14,423,087	1,495,864	922,326	1,071,003	189,765	2,133,339	20,235,384
Disbursements:							
Current:							
Instruction	9,622,166	-	-	-	-	783,812	10,405,978
Support services	2,894,548	1,050,874	-	1,449,201	126,773	982,471	6,503,867
Community services	129,588	-	-	-	-	2,436	132,024
Nonprogrammed charges	171,375	-	-	-	-	435	171,810
Debt services	-	-	818,478	-	-	241,930	1,060,408
Total disbursements	12,817,677	1,050,874	818,478	1,449,201	126,773	2,011,084	18,274,087
Excess (deficiency) of receipts over disbursements	1,605,410	444,990	103,848	(378,198)	62,992	122,255	1,961,297
Other financing sources (uses):							
Transfers in	607,489	487,000	7,000	1,000,000	-	55,865	2,157,354
Transfers out	(600,000)	(400,000)	(33,336)	(1,087,000)	-	(37,018)	(2,157,354)
Total other financing sources (uses)	7,489	87,000	(26,336)	(87,000)	-	18,847	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,612,899	531,990	77,512	(465,198)	62,992	141,102	1,961,297
Cash and investments - beginning	1,595,532	104,269	491,173	1,800,424	76,055	517,894	4,585,347
Cash and investments - ending	<u>\$ 3,208,431</u>	<u>\$ 636,259</u>	<u>\$ 568,685</u>	<u>\$ 1,335,226</u>	<u>\$ 139,047</u>	<u>\$ 658,996</u>	6,546,644
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>17,000</u>
Net assets of governmental activities							<u>\$ 6,563,644</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,208,431	\$ 636,259	\$ -	\$ 1,335,226	\$ 139,047	\$ 508,452	\$ 5,827,415
Restricted assets:							
Cash and investments	-	-	568,685	-	-	150,544	719,229
Total cash and investment assets - ending	<u>\$ 3,208,431</u>	<u>\$ 636,259</u>	<u>\$ 568,685</u>	<u>\$ 1,335,226</u>	<u>\$ 139,047</u>	<u>\$ 658,996</u>	<u>\$ 6,546,644</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 568,685	\$ -	\$ -	\$ 150,544	\$ 719,229
Unrestricted	3,208,431	636,259	-	1,335,226	139,047	508,452	5,827,415
Total cash and investment fund balance - ending	<u>\$ 3,208,431</u>	<u>\$ 636,259</u>	<u>\$ 568,685</u>	<u>\$ 1,335,226</u>	<u>\$ 139,047</u>	<u>\$ 658,996</u>	<u>\$ 6,546,644</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 3,630,292	\$ 891,428	\$ 632,299	\$ 1,307,581	\$ 381,521	\$ 1,382,361	\$ 8,225,482
Intermediate sources	-	-	-	-	-	638	638
State sources	8,139,205	-	-	-	-	359,196	8,498,401
Federal sources	-	-	-	-	-	941,516	941,516
Bonds and loans	2,880,000	744,000	333,000	-	-	82,000	4,039,000
Sale of property, adjustments and refunds	38,569	807	-	17,558	-	7,776	64,710
Total receipts	14,688,066	1,636,235	965,299	1,325,139	381,521	2,773,487	21,769,747
Disbursements:							
Current:							
Instruction	9,273,518	-	-	-	-	1,058,150	10,331,668
Support services	3,181,330	1,201,221	-	1,359,746	181,963	1,387,778	7,312,038
Community services	137,028	-	-	-	-	2,320	139,348
Nonprogrammed charges	198,361	-	-	-	-	-	198,361
Debt services	2,910,941	829,000	1,178,048	-	150,000	348,785	5,416,774
Total disbursements	15,701,178	2,030,221	1,178,048	1,359,746	331,963	2,797,033	23,398,189
Excess (deficiency) of receipts over disbursements	(1,013,112)	(393,986)	(212,749)	(34,607)	49,558	(23,546)	(1,628,442)
Other financing sources (uses):							
Transfers in	143,769	-	-	-	-	158,308	302,077
Transfers out	-	-	(20,166)	-	(100,000)	(181,911)	(302,077)
Total other financing sources (uses)	143,769	-	(20,166)	-	(100,000)	(23,603)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(869,343)	(393,986)	(232,915)	(34,607)	(50,442)	(47,149)	(1,628,442)
Cash and investments - beginning	3,208,431	636,259	568,685	1,335,226	139,047	658,996	6,546,644
Cash and investments - ending	<u>\$ 2,339,088</u>	<u>\$ 242,273</u>	<u>\$ 335,770</u>	<u>\$ 1,300,619</u>	<u>\$ 88,605</u>	<u>\$ 611,847</u>	4,918,202
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>17,000</u>
Net assets of governmental activities							<u>\$ 4,935,202</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,339,089	\$ 242,273	\$ -	\$ 1,300,619	\$ 88,605	\$ 528,277	\$ 4,498,863
Restricted assets:							
Cash and investments	-	-	335,769	-	-	83,570	419,339
Total cash and investment assets - ending	<u>\$ 2,339,089</u>	<u>\$ 242,273</u>	<u>\$ 335,769</u>	<u>\$ 1,300,619</u>	<u>\$ 88,605</u>	<u>\$ 611,847</u>	<u>\$ 4,918,202</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 335,769	\$ -	\$ -	\$ 83,570	\$ 419,339
Unrestricted	2,339,089	242,273	-	1,300,619	88,605	528,277	4,498,863
Total cash and investment fund balance - ending	<u>\$ 2,339,089</u>	<u>\$ 242,273</u>	<u>\$ 335,769</u>	<u>\$ 1,300,619</u>	<u>\$ 88,605</u>	<u>\$ 611,847</u>	<u>\$ 4,918,202</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	Self-Insurance Fund
Change in net assets	\$ -
Cash and investment fund balance - beginning	17,000
Cash and investment fund balance - ending	\$ 17,000
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 17,000
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 17,000

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2008

	Self-Insurance Fund
Change in net assets	\$ -
Cash and investment fund balance - beginning	17,000
Cash and investment fund balance - ending	\$ 17,000
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 17,000
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 17,000

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 500
Investment earnings:		
Interest	-	2,774
Total additions	<u>-</u>	<u>3,274</u>
Deductions:		
Benefits	22,702	-
Administrative and general	-	2,000
Total deductions	<u>22,702</u>	<u>2,000</u>
Excess (deficiency) of total additions over total deductions	(22,702)	1,274
Cash and investment fund balance - beginning	<u>22,702</u>	<u>64,963</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 66,237</u>
Net assets:		
Cash and investments	\$ -	\$ 66,237
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 66,237</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions:	
Other	\$ <u>441</u>
Investment earnings:	
Interest	<u>5,424</u>
Total additions	<u>5,865</u>
Deductions:	
Administrative and general	<u>2,641</u>
Excess of total additions over total deductions	3,224
Cash and investment fund balance - beginning	<u>66,237</u>
Cash and investment fund balance - ending	<u>\$ 69,461</u>
Net assets:	
Cash and investments	<u>\$ 69,461</u>
Total net assets - cash and investment basis held in trust	<u>\$ 69,461</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Decatur County Community Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Jointly Governed Organizations

The School Corporation, in conjunction with Bartholomew County School Corporation, Brown County School Corporation, Greensburg Community School Corporation, Seymour Community Schools, and Crothersville Community Schools, has created the Bartholomew Special Services Cooperative.

The School Corporation is a participant with Bartholomew County School Corporation, Brown County School Corporation, Flat Rock-Hawcreek School Corporation, Greensburg Community School Corporation, Seymour Community Schools, and Crothersville Community Schools, in a joint venture to operate the Columbus Area Vocational School.

The School Corporation is a participant with approximately fifty other school corporations in a joint venture to operate the East Central Services and Supply Center with was created to provide equipment service and operating supplies.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for assets set aside as a reserve for employee vision and dental coverage.

The pension trust funds account for the activities of the Retirement/Severance Bond Fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the scholarship recipients.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2007	2008
Special Education Preschool	\$ 24,065	\$ 57,555

C. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Special Education Preschool	\$ 21,902	\$ 24,111
PL 101-476 IDEA	35,187	-
Title I 07-08	-	4,989
Title II	27,426	42,302
Totals	\$ 84,515	\$ 71,402

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

D. Tax Anticipation Warrants

At June 30, 2007 and 2008, the cash and investment balances of certain funds included temporary loans, in the form of tax anticipation warrants, in the following amounts:

Fund	As of June 30,	
	2007	2008
General	\$ 2,886,000	\$ 2,880,000
Debt Service	299,000	333,000
Pension Debt Service	110,000	82,000
Transportation	829,000	744,000
Bus Replacement	150,000	-
Totals	\$ 4,274,000	\$ 4,039,000

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds of the political subdivision. At June 30, 2008, bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Capital Projects Fund	\$ 600,000	\$ -
Capital Projects Fund	General Fund	600,000	-
Capital Projects Fund	Transportation Fund	487,000	-
Transportation Fund	Capital Projects Fund	400,000	
Debt Service Fund	Other governmental funds	33,336	20,166
School Bus Replacement	Other governmental funds	-	100,000
Other governmental funds	General Fund	7,489	143,769
Other governmental funds	Debt Service Fund	7,000	-
Other governmental funds	Other governmental funds	22,529	38,142
		<u>\$ 2,157,354</u>	<u>\$ 302,077</u>
Totals			

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Decatur County 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.

DECATUR COUNTY COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
 Harrison Building, Room 800
 143 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 131,119
Interest on net pension obligation	(4,192)
Adjustment to annual required contribution	4,778
Annual pension cost	131,705
Contributions made	137,080
Decrease in net pension obligation	(5,375)
Net pension obligation, beginning of year	(57,827)
Net pension obligation, end of year	\$ (63,202)

DECATUR COUNTY COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

N/A = Not available

	PERF
Actuarial Assumptions	
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 116,787	109%	\$ (79,665)
	06-30-06	146,826	85%	(57,827)
	06-30-07	131,705	104%	(63,202)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

the TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$243,593, \$206,832, and \$173,441, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

D. Subsequent Event

The School Corporation rolled over the 2008 Tax Anticipation Warrants in the amount of \$4,039,000 on December 31, 2008. On January 21, 2009, the Corporation paid \$3,039,000, and the remaining \$1,000,000 was paid on April 7, 2009. The School Corporation obtained \$1,229,000 in Tax Anticipation Warrants for the Debt Service, Debt Service Pension, and Transportation funds in January 2009.

DECATUR COUNTY COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,048,271	\$ 1,449,908	\$ (401,637)	72%	\$ 1,795,932	(22%)
07-01-06	1,260,983	1,516,696	(255,713)	83%	1,697,426	(15%)
07-01-07	1,477,305	1,634,219	(156,914)	90%	1,779,899	(9%)

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plate
Receipts:					
Local sources	\$ 26,521	\$ 510,137	\$ 169,451	\$ -	\$ -
Intermediate sources	-	-	-	-	1,050
State sources	56,084	16,973	30,622	-	-
Federal sources	-	295,492	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	308	-	-
Total receipts	<u>82,605</u>	<u>822,602</u>	<u>200,381</u>	<u>-</u>	<u>1,050</u>
Disbursements:					
Current:					
Instruction	33,038	-	-	-	-
Support services	-	783,042	162,242	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>33,038</u>	<u>783,042</u>	<u>162,242</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>49,567</u>	<u>39,560</u>	<u>38,139</u>	<u>-</u>	<u>1,050</u>
Other financing sources (uses):					
Transfers in	-	-	26,336	-	-
Transfers out	(7,489)	-	-	-	-
Total other financing sources (uses)	<u>(7,489)</u>	<u>-</u>	<u>26,336</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	42,078	39,560	64,475	-	1,050
Cash and investments - beginning	<u>(63,980)</u>	<u>245,566</u>	<u>6,303</u>	<u>143,769</u>	<u>9,038</u>
Cash and investments - ending	<u>\$ (21,902)</u>	<u>\$ 285,126</u>	<u>\$ 70,778</u>	<u>\$ 143,769</u>	<u>\$ 10,088</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (21,902)	\$ 285,126	\$ 70,778	\$ 143,769	\$ 10,088
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (21,902)</u>	<u>\$ 285,126</u>	<u>\$ 70,778</u>	<u>\$ 143,769</u>	<u>\$ 10,088</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(21,902)	285,126	70,778	143,769	10,088
Total cash and investment fund balance - ending	<u>\$ (21,902)</u>	<u>\$ 285,126</u>	<u>\$ 70,778</u>	<u>\$ 143,769</u>	<u>\$ 10,088</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	School Library Grant	School Safe Haven	Thank a Teacher Grant	Gifted and Talented	Medicaid Reimbursement
Receipts:					
Local sources	\$ -	\$ -	\$ 1,536	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	14,201	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	-	-	1,536	14,201	-
Disbursements:					
Current:					
Instruction	-	-	1,516	13,168	-
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	-	-	1,516	13,168	-
Excess (deficiency) of receipts over disbursements	-	-	20	1,033	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	20	1,033	-
Cash and investments - beginning	31	159	1,041	11,920	1,549
Cash and investments - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 12,953</u>	<u>\$ 1,549</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 31	\$ 159	\$ 1,061	\$ 12,953	\$ 1,549
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 12,953</u>	<u>\$ 1,549</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31	159	1,061	12,953	1,549
Total cash and investment fund balance - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 12,953</u>	<u>\$ 1,549</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Non-English Speaking Program	Performance Awards	Title I 05-06	Title I 06-07	Innovative Education 03-04
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	78	-	-	-	-
Federal sources	-	-	20,200	254,565	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>78</u>	<u>-</u>	<u>20,200</u>	<u>254,565</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	9,068	234,436	-
Support services	-	-	-	4,298	2,185
Community services	-	-	-	2,436	-
Nonprogrammed charges	-	-	-	-	377
Debt services	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>9,068</u>	<u>241,170</u>	<u>2,562</u>
Excess (deficiency) of receipts over disbursements	<u>78</u>	<u>-</u>	<u>11,132</u>	<u>13,395</u>	<u>(2,562)</u>
Other financing sources (uses):					
Transfers in	-	-	-	22,529	-
Transfers out	-	-	(22,529)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(22,529)</u>	<u>22,529</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>78</u>	<u>-</u>	<u>(11,397)</u>	<u>35,924</u>	<u>(2,562)</u>
Cash and investments - beginning	<u>232</u>	<u>1,917</u>	<u>11,397</u>	<u>-</u>	<u>2,562</u>
Cash and investments - ending	<u>\$ 310</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ 35,924</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 310	\$ 1,917	\$ -	\$ 35,924	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 310</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ 35,924</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>310</u>	<u>1,917</u>	<u>-</u>	<u>35,924</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 310</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ 35,924</u>	<u>\$ -</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Innovative Education 05-06	PL 101-476 IDEA	Drug Free Schools	Child Care Development Block Grant	Team Nutrition Grant
Receipts:					
Local sources	\$ -	\$ 354,759	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	7,535	-	500
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	-	354,759	7,535	-	500
Disbursements:					
Current:					
Instruction	-	366,840	-	-	500
Support services	7,017	15,668	8,019	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	50	-	-
Debt services	-	-	-	-	-
Total disbursements	7,017	382,508	8,069	-	500
Excess (deficiency) of receipts over disbursements	(7,017)	(27,749)	(534)	-	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,017)	(27,749)	(534)	-	-
Cash and investments - beginning	7,017	(7,438)	12,505	600	-
Cash and investments - ending	\$ -	\$ (35,187)	\$ 11,971	\$ 600	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ (35,187)	\$ 11,971	\$ 600	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ (35,187)	\$ 11,971	\$ 600	\$ -
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(35,187)	11,971	600	-
Total cash and investment fund balance - ending	\$ -	\$ (35,187)	\$ 11,971	\$ 600	\$ -

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II	Title II Technology Literature	Retirement and Pension	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 168,995	\$ -	\$ 1,231,399
Intermediate sources	-	-	-	-	1,050
State sources	-	-	-	-	117,958
Federal sources	94,332	-	-	-	672,624
Bonds and loans	-	-	110,000	-	110,000
Sale of property, adjustments and refunds	-	-	-	-	308
Total receipts	<u>94,332</u>	<u>-</u>	<u>278,995</u>	<u>-</u>	<u>2,133,339</u>
Disbursements:					
Current:					
Instruction	124,887	359	-	-	783,812
Support services	-	-	-	-	982,471
Community services	-	-	-	-	2,436
Nonprogrammed charges	-	8	-	-	435
Debt services	-	-	241,930	-	241,930
Total disbursements	<u>124,887</u>	<u>367</u>	<u>241,930</u>	<u>-</u>	<u>2,011,084</u>
Excess (deficiency) of receipts over disbursements	<u>(30,555)</u>	<u>(367)</u>	<u>37,065</u>	<u>-</u>	<u>122,255</u>
Other financing sources (uses):					
Transfers in	-	-	7,000	-	55,865
Transfers out	-	-	(7,000)	-	(37,018)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,847</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(30,555)</u>	<u>(367)</u>	<u>37,065</u>	<u>-</u>	<u>141,102</u>
Cash and investments - beginning	<u>3,129</u>	<u>8,469</u>	<u>113,479</u>	<u>8,629</u>	<u>517,894</u>
Cash and investments - ending	<u>\$ (27,426)</u>	<u>\$ 8,102</u>	<u>\$ 150,544</u>	<u>\$ 8,629</u>	<u>\$ 658,996</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (27,426)	\$ 8,102	\$ -	\$ 8,629	\$ 508,452
Restricted assets:					
Cash and investments	-	-	150,544	-	150,544
Total cash and investment assets - ending	<u>\$ (27,426)</u>	<u>\$ 8,102</u>	<u>\$ 150,544</u>	<u>\$ 8,629</u>	<u>\$ 658,996</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 150,544	\$ -	\$ 150,544
Unrestricted	<u>(27,426)</u>	<u>8,102</u>	<u>-</u>	<u>8,629</u>	<u>508,452</u>
Total cash and investment fund balance - ending	<u>\$ (27,426)</u>	<u>\$ 8,102</u>	<u>\$ 150,544</u>	<u>\$ 8,629</u>	<u>\$ 658,996</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Educational License Plate
Receipts:						
Local sources	\$ 27,151	\$ -	\$ 488,231	\$ 188,774	\$ -	\$ -
Intermediate sources	-	-	-	-	-	638
State sources	57,922	-	16,489	79,785	-	-
Federal sources	-	-	397,337	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	7,776	-	-
Total receipts	85,073	-	902,057	276,335	-	638
Disbursements:						
Current:						
Instruction	87,281	-	-	-	-	-
Support services	-	-	884,826	222,743	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	87,281	-	884,826	222,743	-	-
Excess (deficiency) of receipts over disbursements	(2,208)	-	17,231	53,592	-	638
Other financing sources (uses):						
Transfers in	-	100,000	-	13,166	-	-
Transfers out	-	-	-	-	(143,769)	-
Total other financing sources (uses)	-	100,000	-	13,166	(143,769)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,208)	100,000	17,231	66,758	(143,769)	638
Cash and investments - beginning	(21,902)	-	285,126	70,778	143,769	10,088
Cash and investments - ending	<u>\$ (24,110)</u>	<u>\$ 100,000</u>	<u>\$ 302,357</u>	<u>\$ 137,536</u>	<u>\$ -</u>	<u>\$ 10,726</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (24,110)	\$ 100,000	\$ 302,357	\$ 137,536	\$ -	\$ 10,726
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (24,110)</u>	<u>\$ 100,000</u>	<u>\$ 302,357</u>	<u>\$ 137,536</u>	<u>\$ -</u>	<u>\$ 10,726</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(24,110)	100,000	302,357	137,536	-	10,726
Total cash and investment fund balance - ending	<u>\$ (24,110)</u>	<u>\$ 100,000</u>	<u>\$ 302,357</u>	<u>\$ 137,536</u>	<u>\$ -</u>	<u>\$ 10,726</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	<u>School Library Grant</u>	<u>School Safe Haven</u>	<u>Thank a Teacher Grant</u>	<u>Gifted and Talented</u>	<u>Medicaid Reimbursement</u>
Receipts:					
Local sources	\$ -	\$ -	\$ 789	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	4,794	-	35,294	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	4,794	789	35,294	-
Disbursements:					
Current:					
Instruction	-	-	789	41,268	-
Support services	-	4,794	-	-	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	4,794	789	41,268	-
Excess (deficiency) of receipts over disbursements	-	-	-	(5,974)	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(5,974)	-
Cash and investments - beginning	31	159	1,061	12,953	1,549
Cash and investments - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 6,979</u>	<u>\$ 1,549</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 31	\$ 159	\$ 1,061	\$ 6,979	\$ 1,549
Restricted assets:					
Cash and investments	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment assets - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 6,979</u>	<u>\$ 1,549</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31	159	1,061	6,979	1,549
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investment fund balance - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 1,061</u>	<u>\$ 6,979</u>	<u>\$ 1,549</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Non-English Speaking Program	Performance Awards	Title II Technology Social Studies	Title I 07-08	Title I 06-07
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	811	-	164,101	-	-
Federal sources	-	-	-	328,765	23,200
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	811	-	164,101	328,765	23,200
Disbursements:					
Current:					
Instruction	-	-	-	367,152	20,935
Support services	-	-	164,101	2,471	-
Community services	-	-	-	2,273	47
Debt services	-	-	-	-	-
Total disbursements	-	-	164,101	371,896	20,982
Excess (deficiency) of receipts over disbursements	811	-	-	(43,131)	2,218
Other financing sources (uses):					
Transfers in	-	-	-	38,142	-
Transfers out	-	-	-	-	(38,142)
Total other financing sources (uses)	-	-	-	38,142	(38,142)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	811	-	-	(4,989)	(35,924)
Cash and investments - beginning	310	1,917	-	-	35,924
Cash and investments - ending	<u>\$ 1,121</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ (4,989)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,121	\$ 1,917	\$ -	\$ (4,989)	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,121</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ (4,989)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,121	1,917	-	(4,989)	-
Total cash and investment fund balance - ending	<u>\$ 1,121</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ (4,989)</u>	<u>\$ -</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Innovative Education 06-07	Innovative Education 07-08	PL 101-476 IDEA	Drug Free Schools	Child Care Development Block Grant
Receipts:					
Local sources	\$ -	\$ -	\$ 484,605	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	3,453	3,430	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	3,453	3,430	484,605	-	-
Disbursements:					
Current:					
Instruction	-	-	431,477	-	-
Support services	3,453	-	17,941	6,650	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	3,453	-	449,418	6,650	-
Excess (deficiency) of receipts over disbursements	-	3,430	35,187	(6,650)	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,430	35,187	(6,650)	-
Cash and investments - beginning	-	-	(35,187)	11,971	600
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 5,321</u>	<u>\$ 600</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 3,430	\$ -	\$ 5,321	\$ 600
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 5,321</u>	<u>\$ 600</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,430	-	5,321	600
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 5,321</u>	<u>\$ 600</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II	Title II Technology Literature	Retirement and Pension	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 192,811	\$ -	\$ 1,382,361
Intermediate sources	-	-	-	-	638
State sources	-	-	-	-	359,196
Federal sources	86,270	99,061	-	-	941,516
Bonds and loans	-	-	82,000	-	82,000
Sale of property, adjustments and refunds	-	-	-	-	7,776
Total receipts	86,270	99,061	274,811	-	2,773,487
Disbursements:					
Current:					
Instruction	101,146	8,102	-	-	1,058,150
Support services	-	80,799	-	-	1,387,778
Community services	-	-	-	-	2,320
Debt services	-	-	348,785	-	348,785
Total disbursements	101,146	88,901	348,785	-	2,797,033
Excess (deficiency) of receipts over disbursements	(14,876)	10,160	(73,974)	-	(23,546)
Other financing sources (uses):					
Transfers in	-	-	7,000	-	158,308
Transfers out	-	-	-	-	(181,911)
Total other financing sources (uses)	-	-	7,000	-	(23,603)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,876)	10,160	(66,974)	-	(47,149)
Cash and investments - beginning	(27,426)	8,102	150,544	8,629	658,996
Cash and investments - ending	<u>\$ (42,302)</u>	<u>\$ 18,262</u>	<u>\$ 83,570</u>	<u>\$ 8,629</u>	<u>\$ 611,847</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (42,302)	\$ 18,262	\$ -	\$ 8,629	\$ 528,277
Restricted assets:					
Cash and investments	-	-	83,570	-	83,570
Total cash and investment assets - ending	<u>\$ (42,302)</u>	<u>\$ 18,262</u>	<u>\$ 83,570</u>	<u>\$ 8,629</u>	<u>\$ 611,847</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 83,570	\$ -	\$ 83,570
Unrestricted	(42,302)	18,262	-	8,629	528,277
Total cash and investment fund balance - ending	<u>\$ (42,302)</u>	<u>\$ 18,262</u>	<u>\$ 83,570</u>	<u>\$ 8,629</u>	<u>\$ 611,847</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	R.S. Lowe Scholarship	Nobbe, Brown, Conover Scholarship	Baumgartle Agriculture Scholarship	Psi Iota Sorority Library Grant	Indiana Next Leadership	Totals
Additions: Contributions: Other	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 500
Investment earnings: Interest	923	1,851	-	-	-	2,774
Total additions	<u>923</u>	<u>1,851</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>3,274</u>
Deductions: Administrative and general	-	1,500	500	-	-	2,000
Excess of total additions over total deductions	923	351	-	-	-	1,274
Cash and investment fund balance - beginning	<u>21,337</u>	<u>43,498</u>	<u>-</u>	<u>32</u>	<u>96</u>	<u>64,963</u>
Cash and investments - June 30	<u>\$ 22,260</u>	<u>\$ 43,849</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 66,237</u>
Net assets: Cash and investments	<u>\$ 22,260</u>	<u>\$ 43,849</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 66,237</u>
Total net assets - cash and investment basis held in trust	<u>\$ 22,260</u>	<u>\$ 43,849</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 66,237</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	R.S. Lowe Scholarship	Nobbe, Brown, Conover Scholarship	Baumgartle Agriculture Scholarship	Psi Iota Sorority Library Grant	Indiana Next Leadership	Totals
Additions: Contributions: Other	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ 441
Investment earnings: Interest	1,801	3,623	-	-	-	5,424
Total additions	<u>1,801</u>	<u>3,623</u>	<u>441</u>	<u>-</u>	<u>-</u>	<u>5,865</u>
Deductions: Administrative and general	700	1,500	441	-	-	2,641
Excess of total additions over total deductions	1,101	2,123	-	-	-	3,224
Cash and investment fund balance - beginning	<u>22,260</u>	<u>43,849</u>	<u>-</u>	<u>32</u>	<u>96</u>	<u>66,237</u>
Cash and investments - June 30	<u>\$ 23,361</u>	<u>\$ 45,972</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 69,461</u>
Net assets: Cash and investments	<u>\$ 23,361</u>	<u>\$ 45,972</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 69,461</u>
Total net assets - cash and investment basis held in trust	<u>\$ 23,361</u>	<u>\$ 45,972</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 69,461</u>

DECATUR COUNTY COMMUNITY SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and Buildings	\$ 15,875,091
Improvements other than buildings	1,916,777
Machinery and equipment	<u>5,936,641</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 23,728,509</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings and Renovations	\$ 4,495,000	\$ 685,000
Notes and loans payable		
Common School Fund loan	631,932	123,210
DOC Public Facility Energy Efficiency Loan	20,000	20,000
Bonds payable:		
General obligation bonds:		
Pension and Severance Bonds	<u>2,670,000</u>	<u>240,240</u>
Total governmental activities debt	<u>\$ 7,816,932</u>	<u>\$ 1,068,450</u>

DECATUR COUNTY COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Special Education Preschool Fund was overdrawn in 2006, 2007, and 2008.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates the number of honors diplomas reported on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2008.

The difference between the count reported on the ADM and the verified figures are shown below:

<u>Graduation Year</u>	<u>Count as Reported on Form Number 30A</u>	<u>Actual Honors Diplomas</u>	<u>Difference</u>
2007	58	55	3

School Officials have contacted the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

DECATUR COUNTY COMMUNITY SCHOOLS
 AUDIT RESULTS AND COMMENTS
 (Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Special Education Preschool	2006	\$ 24,065
Special Education Preschool	2007	57,555

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

UNAUTHORIZED WIRE TRANSFER

\$51,241.68 was wire transferred out of the Decatur County Community School Corporation's bank account in February 2007. The transfers appear to have been made without the knowledge or approval of the School Corporation Treasurer or Administration. The School Corporation recovered \$15,840.62 in April 2007, and the bank reimbursed the balance of \$35,401.06 in May 2008. The matter is currently under investigation by the Indiana State Police.

Break-ins, burglaries or other crimes committed against the governmental unit should be documented by the filing of an official police report. Insurance companies should be contacted to request payment for any allowable coverage. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

Compliance

We have audited the compliance of the Decatur County Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 7, 2009

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 42,175	\$ 54,946
National School Lunch Program	10.555		<u>270,475</u>	<u>315,080</u>
Total for cluster			<u>312,650</u>	<u>370,026</u>
Team Nutrition Grants	10.574		<u>500</u>	<u>-</u>
Total for federal grantor agency			<u>313,150</u>	<u>370,026</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies				
FY 06-07	84.010		262,153	-
FY 07-08			<u>-</u>	<u>396,307</u>
Total for program			<u>262,153</u>	<u>396,307</u>
Safe and Drug Free Schools and Communities	84.186			
		04-161	2,403	-
		05-223	5,666	4,436
		06-1655	<u>-</u>	<u>2,214</u>
Total for program			<u>8,069</u>	<u>6,650</u>
Innovative Education Program Strategies	84.298			
		04-146	2,562	-
		05-020	7,017	-
		06-1655	<u>-</u>	<u>3,453</u>
Total for program			<u>9,579</u>	<u>3,453</u>
Enhancing Education Through Technology	84.318		<u>367</u>	<u>88,901</u>
Improving Teacher Quality	84.367			
		05-013	3,129	-
		06-1655	94,332	-
		07-1655	27,427	58,843
		08-1655	<u>-</u>	<u>42,303</u>
Total for program			<u>124,888</u>	<u>101,146</u>
Total federal awards expended			<u>\$ 718,206</u>	<u>\$ 966,483</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Decatur County Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of School Corporation's shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster			
Food Commodities			
National School Lunch Program	10.555	\$ 36,580	\$ 46,083
School Breakfast Program	10.553	5,569	8,110

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

DECATUR COUNTY COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

DECATUR COUNTY COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2009, with Chris Owens, President of the School Board; Daniel Roach, Superintendent of Schools; and Louise S. Smith, Treasurer. The official response has been made a part of this report and may be found on page 51.

ADMINISTRATION

DR. DANIEL L. ROACH
Superintendent

CONNIE NOBBE
Assistant Superintendent

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

SANDY PRATT
Deputy Treasurer

AMY HACKER
Bookkeeper

Decatur County Community Schools

TELEPHONE: (812) 663-4595

FAX: (812) 663-4168

1645 W. State Rd. 46

Greensburg, Indiana 47240

BOARD MEMBERS

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President

ANNETTE GEIS
Vice President

BARB LECHER
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AIMEE CUNNINGHAM
MARK KOORS
JILL KOEHNE
MARK YOUNG

April 13, 2009

State Board of Accounts
Exit Conference
School Corporation's Official Response
Audit Period 7/1/2006 to 6/30/2008

The school corporation would like to respond to the items sited during the exit conference on April 7, 2009.

1. Overdrawn Fund Balance

The overdrawn fund balance was in our Preschool Special Education fund. This program is mandated by the state however, it is not fully funded by the state. We routinely run this fund in a deficit situation so we can track our expenditures for the program. Starting in December, 2006, we had paid off the deficit in the preschool special education fund annually as of December 31. Because the auditors examine funds as of June 30 each year, we will start paying off any deficit in the preschool special education fund as of June 30 and December 30 each year.

2. Academic Honors Diplomas

The number of students receiving an Academic Honors Diploma was overstated on the 2007-2008 Form 30A. We have contacted the Dept. of Education, Office of School Financial Management, to correct the overstatement and refund any funding overpayment. We will address specific procedures with appropriate personnel to ensure accurate data is submitted in the future.

3. Appropriations

The comment regarding expenditures in excess of budgeted appropriations is for the preschool special education fund. We did not receive our budget order for 2007 until October, 2008 therefore, we were not sure of our approved appropriations. We hope to receive our approved budget within the calendar year so this will not be an issue in the future.

We request that this response be included in the report by the State Board of Accounts. We would also like to thank the field examiners for the professional manner in which the audit was conducted.

Sincerely,



Louise S. Smith
Business Manager/Treasurer

"We exist only that boys and girls may be served"