

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

AUDIT REPORT

OF

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT

DEKALB COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

02/03/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Philip Carpenter	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Jeffrey Stephens	07-01-08 to 06-30-11
President of the School Board	Leon Steury	07-01-08 to 06-30-11



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AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Eastern Community School District (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, 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 December 9, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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 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

December 9, 2010



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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 DEKALB COUNTY EASTERN
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Eastern Community School District (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 9, 2010. 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.

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

December 9, 2010

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,420,414	\$ -	\$ 193,366	\$ (10,227,048)
Support services	10,285,666	440,770	366,210	(9,478,686)
Noninstructional services	710,530	-	-	(710,530)
Facilities acquisition and construction	985,806	-	-	(985,806)
Debt service	5,401,402	-	-	(5,401,402)
Nonprogrammed charges	347,334	-	-	(347,334)
Total governmental activities	<u>\$ 28,151,152</u>	<u>\$ 440,770</u>	<u>\$ 559,576</u>	<u>(27,150,806)</u>
General receipts:				
Property taxes				7,163,135
Other local sources				4,704,329
State aid				6,761,971
Bonds and loans				1,941,125
Grants and contributions not restricted to specific programs				6,398,140
Sale of property				500
Investment earnings				51,932
Other				2,402
Total general receipts				<u>27,023,534</u>
Change in net assets				(127,272)
Net assets - beginning				<u>5,096,382</u>
Net assets - ending				<u>\$ 4,969,110</u>
<u>Assets</u>				
Cash and investments				\$ 4,881,003
Restricted assets:				
Cash and investments				<u>88,107</u>
Total assets				<u>\$ 4,969,110</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 88,107
Unrestricted				<u>4,881,003</u>
Total net assets				<u>\$ 4,969,110</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,467,811	\$ -	\$ 151,977	\$ (10,315,834)
Support services	10,877,713	400,355	385,236	(10,092,122)
Noninstructional services	733,937	-	-	(733,937)
Facilities acquisition and construction	959,303	-	-	(959,303)
Debt service	3,990,995	-	-	(3,990,995)
Nonprogrammed charges	<u>3,558,555</u>	<u>-</u>	<u>-</u>	<u>(3,558,555)</u>
Total governmental activities	<u>\$ 30,588,314</u>	<u>\$ 400,355</u>	<u>\$ 537,213</u>	<u>(29,650,746)</u>
General receipts:				
Property taxes				7,563,256
Other local sources				5,194,735
State aid				9,023,850
Bonds and loans				1,166,376
Grants and contributions not restricted to specific programs				9,108,315
Sale of property				130,433
Investment earnings				14,145
Other				<u>8,433</u>
Total general receipts				<u>32,209,543</u>
Change in net assets				2,558,797
Net assets - beginning				<u>4,969,110</u>
Net assets - ending				<u>\$ 7,527,907</u>
<u>Assets</u>				
Cash and investments				\$ 6,423,484
Restricted assets:				
Cash and investments				<u>1,104,423</u>
Total assets				<u>\$ 7,527,907</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,104,423
Unrestricted				<u>6,423,484</u>
Total net assets				<u>\$ 7,527,907</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
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, 2009

	General	Rainy Day	Special Education Coop	Special Education IDEA Grant	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 3,264,440	\$ -	\$ 3,602,400	\$ -	\$ 2,216,080	\$ 1,474,906	\$ 1,802,042	\$ 12,359,868
Intermediate sources	109	-	-	-	-	-	188	297
State sources	6,928,965	-	-	-	-	-	217,557	7,146,522
Federal sources	162	-	-	3,850,000	-	-	2,723,004	6,573,166
Temporary loans	-	-	-	-	335,690	1,016,924	588,511	1,941,125
Other	2,402	-	-	-	-	-	-	2,402
Total receipts	10,196,078	-	3,602,400	3,850,000	2,551,770	2,491,830	5,331,302	28,023,380
Disbursements:								
Current:								
Instruction	5,183,873	-	837,463	2,611,461	-	-	1,787,617	10,420,414
Support services	3,765,961	-	3,078,035	654,746	14,146	586,683	2,186,095	10,285,666
Noninstructional services	115,259	-	-	-	-	-	595,271	710,530
Facilities acquisition and construction	-	-	-	-	-	864,686	121,120	985,806
Debt services	1,231,301	-	-	-	2,714,848	1,030,441	424,812	5,401,402
Nonprogrammed charges	255,133	-	-	-	-	-	92,201	347,334
Total disbursements	10,551,527	-	3,915,498	3,266,207	2,728,994	2,481,810	5,207,116	28,151,152
Excess (deficiency) of receipts over disbursements	(355,449)	-	(313,098)	583,793	(177,224)	10,020	124,186	(127,772)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	500	500
Transfers in	-	900,000	-	-	-	-	41,736	941,736
Transfers out	(700,000)	-	-	-	-	-	(241,736)	(941,736)
Total other financing sources (uses)	(700,000)	900,000	-	-	-	-	(199,500)	500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,055,449)	900,000	(313,098)	583,793	(177,224)	10,020	(75,314)	(127,272)
Cash and investments - beginning	1,322,674	-	1,900,938	-	265,331	376,493	1,230,946	5,096,382
Cash and investments - ending	\$ 267,225	\$ 900,000	\$ 1,587,840	\$ 583,793	\$ 88,107	\$ 386,513	\$ 1,155,632	\$ 4,969,110
Net assets of governmental activities								\$ 4,969,110
Cash and Investment Assets - Ending								
Cash and investments	\$ 267,225	\$ 900,000	\$ 1,587,840	\$ 583,793	\$ -	\$ 386,513	\$ 1,155,632	\$ 4,881,003
Restricted assets:								
Cash and investments	-	-	-	-	88,107	-	-	88,107
Total cash and investment assets - ending	\$ 267,225	\$ 900,000	\$ 1,587,840	\$ 583,793	\$ 88,107	\$ 386,513	\$ 1,155,632	\$ 4,969,110
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 88,107	\$ -	\$ -	\$ 88,107
Unrestricted	267,225	900,000	1,587,840	583,793	-	386,513	1,155,632	4,881,003
Total cash and investment fund balance - ending	\$ 267,225	\$ 900,000	\$ 1,587,840	\$ 583,793	\$ 88,107	\$ 386,513	\$ 1,155,632	\$ 4,969,110

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
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, 2010

	General	Rainy Day	Special Education Coop	Special Education IDEA Grant	ARRA Stimulus Special Ed IDEA Grant	Debt Service	Capital Projects	Other	Totals
Receipts:									
Local sources	\$ 88,024	\$ -	\$ 4,288,229	\$ 837	\$ 563	\$ 2,657,193	\$ 3,535,836	\$ 2,601,787	\$ 13,172,469
Intermediate sources	-	-	-	-	-	-	-	19	19
State sources	9,154,599	-	-	-	-	-	-	122,696	9,277,295
Federal sources	162	-	-	4,580,801	3,417,026	-	-	1,394,079	9,392,068
Temporary loans	-	-	-	-	-	740,745	-	424,712	1,165,457
Other	937	-	8,433	-	-	-	-	-	9,370
Total receipts	9,243,722	-	4,296,662	4,581,638	3,417,589	3,397,938	3,535,836	4,543,293	33,016,678
Disbursements:									
Current:									
Instruction	4,905,825	-	1,292,974	3,284,846	53,852	-	-	930,314	10,467,811
Support services	3,710,538	-	3,262,939	1,037,103	94,893	-	1,069,286	1,702,954	10,877,713
Noninstructional services	138,789	-	-	-	-	-	-	595,148	733,937
Facilities acquisition and construction	-	-	-	-	-	-	855,400	103,903	959,303
Debt services	-	-	-	-	-	2,381,622	1,016,924	592,449	3,990,995
Nonprogrammed charges	325,233	-	-	-	3,233,322	-	-	-	3,558,555
Total disbursements	9,080,385	-	4,555,913	4,321,949	3,382,067	2,381,622	2,941,610	3,924,768	30,588,314
Excess (deficiency) of receipts over disbursements	163,337	-	(259,251)	259,689	35,522	1,016,316	594,226	618,525	2,428,364
Other financing sources (uses):									
Sale of capital assets	-	-	130,433	-	-	-	-	-	130,433
Transfers in	-	160,000	-	-	-	-	-	10,163	170,163
Transfers out	-	-	-	-	-	-	-	(170,163)	(170,163)
Total other financing sources (uses)	-	160,000	130,433	-	-	-	-	(160,000)	130,433
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	163,337	160,000	(128,818)	259,689	35,522	1,016,316	594,226	458,525	2,558,797
Cash and investments - beginning	267,225	900,000	1,587,840	583,793	-	88,107	386,513	1,155,632	4,969,110
Cash and investments - ending	\$ 430,562	\$ 1,060,000	\$ 1,459,022	\$ 843,482	\$ 35,522	\$ 1,104,423	\$ 980,739	\$ 1,614,157	\$ 7,527,907
Net assets of governmental activities									\$ 7,527,907
Cash and Investment Assets - Ending									
Cash and investments	\$ 430,562	\$ 1,060,000	\$ 1,459,022	\$ 843,482	\$ 35,522	\$ -	\$ 980,739	\$ 1,614,157	\$ 6,423,484
Restricted assets:									
Cash and investments	-	-	-	-	-	1,104,423	-	-	1,104,423
Total cash and investment assets - ending	\$ 430,562	\$ 1,060,000	\$ 1,459,022	\$ 843,482	\$ 35,522	\$ 1,104,423	\$ 980,739	\$ 1,614,157	\$ 7,527,907
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,104,423	\$ -	\$ -	\$ 1,104,423
Unrestricted	430,562	1,060,000	1,459,022	843,482	35,522	-	980,739	1,614,157	6,423,484
Total cash and investment fund balance - ending	\$ 430,562	\$ 1,060,000	\$ 1,459,022	\$ 843,482	\$ 35,522	\$ 1,104,423	\$ 980,739	\$ 1,614,157	\$ 7,527,907

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>6,526</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 6,362</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
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: DeKalb County Eastern Community School District

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

Joint Ventures

The School Corporation is a participant in a joint venture to operate Northeast Indiana Special Education Coop which was created to provide special education services to member school corporations. The School Corporation is obligated by contract to remit a proportionate share of annual costs to supplement the Co-op. Complete financial statements for the Northeast Indiana Special Education Coop can be obtained from the DeKalb County Eastern Community School District administrative office at 300 East Washington Street, Butler, IN.

The School Corporation is a participant in a joint venture to operate Four County Vocational Education Coop which was created to provide vocational education services to member school corporations. The School Corporation is obligated by contract to remit a proportionate share of annual costs to supplement the Co-op. Complete financial statements for the Four County Vocational Education Coop can be obtained from the Garrett-Kaiser-Butler School Corporation administrative office in Garrett, IN.

Related Organizations

The School Corporation's officials are also responsible for appointing the voting majority of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the voting majority of the Butler Library, and DeKalb County Redevelopment Commission.

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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The special education co-op fund accounts for financial resources used for the operation of the NE Indiana Special Education Co-op (joint venture).

The special education IDEA grant fund accounts for receipts and disbursements related to federal grants used for special education.

The ARRA stimulus special education IDEA grant fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of existing federal special education programs.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

Agency funds account for assets held by the School Corporation as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the School Corporation.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. Taxable property is assessed at 100% of the true tax value (determined in

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. 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.

5. Long-Term Debt

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

6. 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."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

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. Prior to November 1, 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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 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 funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$7,534,269.

The 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, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Rainy Day Fund	\$ 700,000	\$ -
Other Governmental Funds	Rainy Day Fund	200,000	160,000
	Other Governmental Funds	<u>41,736</u>	<u>10,163</u>
Totals		<u>\$ 941,736</u>	<u>\$ 170,163</u>

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; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 2005, the School Corporation joined with other governmental entities in the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation. The School Corporation pays an annual premium to the risk pool for its workers compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with DeKalb Eastern High 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 for the years ended June 30, 2009 and 2010 totaled \$1,800,718 and \$1,796,563, respectively.

C. Subsequent Event

On August 16, 2010, the School Board approved issuing \$18,905,000 in bonds to advance refund \$18,555,000 in outstanding 2003 holding corporation bonds. Total lease payments from the School Corporation to the holding corporation will decrease by \$2,883,779 over the remaining life of the lease.

D. Receivables From/Payables To Special Education Co-op Members

As mentioned in Note I, the School Corporation is the administrator of the Northeast Indiana Special Education Co-op. The following amounts are receivable from/(payable to) member school corporations as of June 30, 2010:

Member School	Receivable (Payable)
DeKalb County Central USD	\$ (304,195)
Prairie Heights CSC	238,252
Westview School Corporation	(366,976)
Total Receivable/(Payable)	\$ (432,919)

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

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

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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$394,801.

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 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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

The School Corporation's contributions to the plan during the period were \$726,678.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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)
07-01-07	\$ 3,027,906	\$ 3,223,357	\$ (195,451)	94%	\$ 2,569,908	8%
07-01-08	3,233,819	3,441,944	(208,125)	94%	2,686,785	8%
07-01-09	2,478,021	3,430,303	(952,282)	72%	3,179,236	30%

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2009

	Transportation Operating	Preschool	School Lunch	Textbook Rental	Coop Administrative Hearing	Education License Plates	Safe Haven
Receipts:							
Local sources	\$ 1,139,231	\$ 8,015	\$ 339,582	\$ 33,033	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	188	-
State sources	-	36,393	7,906	57,290	-	-	10,108
Federal sources	-	-	301,014	-	-	-	-
Temporary loans	517,631	-	-	-	-	-	-
Total receipts	1,656,862	44,408	648,502	90,323	-	188	10,108
Disbursements:							
Current:							
Instruction	-	47,826	-	-	-	-	-
Support services	1,097,677	-	-	140,729	-	544	10,108
Noninstructional services	-	-	589,493	-	-	-	-
Facilities acquisition and construction	5,800	-	-	-	-	-	-
Debt services	361,022	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,464,499	47,826	589,493	140,729	-	544	10,108
Excess (deficiency) of receipts over disbursements	192,363	(3,418)	59,009	(50,406)	-	(356)	-
Other financing sources (uses):							
Sale of capital assets	500	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(200,000)	-	-	-	-	-	-
Total other financing sources (uses)	(199,500)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,137)	(3,418)	59,009	(50,406)	-	(356)	-
Cash and investments - beginning	250,937	3,418	174,253	98,914	26,003	493	-
Cash and investments - ending	\$ 243,800	\$ -	\$ 233,262	\$ 48,508	\$ 26,003	\$ 137	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 243,800	\$ -	\$ 233,262	\$ 48,508	\$ 26,003	\$ 137	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 243,800	\$ -	\$ 233,262	\$ 48,508	\$ 26,003	\$ 137	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2009
 (Continued)

	Coop Donation	Insurance Stabilization	Interactive Technology Donation	Dekko Foundation Grant	Teacher Grant	Coop Excellence Program	Gifted and Talented 08/09
Receipts:							
Local sources	\$ -	\$ 905	\$ -	\$ -	\$ 7,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	31,770
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Total receipts	-	905	-	-	7,000	-	31,770
Disbursements:							
Current:							
Instruction	1,858	-	1,816	853	2,186	417	21,607
Support services	-	17,527	-	-	4,668	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,858	17,527	1,816	853	6,854	417	21,607
Excess (deficiency) of receipts over disbursements	(1,858)	(16,622)	(1,816)	(853)	146	(417)	10,163
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	(1,858)	(16,622)	(1,816)	(853)	146	(417)	10,163
Cash and investments - beginning	1,898	103,133	1,816	877	7,143	424	-
Cash and investments - ending	\$ 40	\$ 86,511	\$ -	\$ 24	\$ 7,289	\$ 7	\$ 10,163
Cash and Investment Assets - Ending							
Cash and investments	\$ 40	\$ 86,511	\$ -	\$ 24	\$ 7,289	\$ 7	\$ 10,163
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 40	\$ 86,511	\$ -	\$ 24	\$ 7,289	\$ 7	\$ 10,163

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2009
 (Continued)

	Gifted and Talented 07/08	Extra- Curricular Activities	Non English Speaking Program	Technology Planning Grant	Insurance Consortium	Title I 08/09-09/10	Title I School Improvement 08/09
Receipts:							
Local sources	\$ 33,141	\$ 767	\$ -	\$ -	\$ 66,783	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	52	74,038	-	-	-
Federal sources	-	-	-	-	-	217,666	50,000
Temporary loans	-	-	-	-	-	-	-
Total receipts	33,141	767	52	74,038	66,783	217,666	50,000
Disbursements:							
Current:							
Instruction	16,898	-	-	12,730	-	130,697	-
Support services	29,013	-	611	-	64,579	35,696	-
Noninstructional services	-	840	-	-	-	3,791	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	45,911	840	611	12,730	64,579	170,184	-
Excess (deficiency) of receipts over disbursements	(12,770)	(73)	(559)	61,308	2,204	47,482	50,000
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	16,653	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	16,653	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,770)	(73)	(559)	61,308	2,204	64,135	50,000
Cash and investments - beginning	36,033	145	995	-	8,288	-	-
Cash and investments - ending	\$ 23,263	\$ 72	\$ 436	\$ 61,308	\$ 10,492	\$ 64,135	\$ 50,000
Cash and Investment Assets - Ending							
Cash and investments	\$ 23,263	\$ 72	\$ 436	\$ 61,308	\$ 10,492	\$ 64,135	\$ 50,000
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 23,263	\$ 72	\$ 436	\$ 61,308	\$ 10,492	\$ 64,135	\$ 50,000

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2009
 (Continued)

	Title I 07/08	Title V, A 07/08	PL 99-457 Preschool 08/09	PL 99-457 Preschool 07/08	Title IV, A 08/09	Title IV, A 07/08	PL 108-446 Part B, IDEA 07/08
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	909	137,940	-	4,483	-	1,146,674
Temporary loans	-	-	-	-	-	-	-
Total receipts	-	909	137,940	-	4,483	-	1,146,674
Disbursements:							
Current:							
Instruction	59,240	15,155	137,940	-	-	-	1,012,136
Support services	5,951	22,340	-	8,241	2,241	2,471	392,596
Noninstructional services	1,147	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	66,338	37,495	137,940	8,241	2,241	2,471	1,404,732
Excess (deficiency) of receipts over disbursements	(66,338)	(36,586)	-	(8,241)	2,242	(2,471)	(258,058)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	25,083	-	-	-	-	-
Transfers out	(16,653)	-	-	-	(2,242)	-	-
Total other financing sources (uses)	(16,653)	25,083	-	-	(2,242)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(82,991)	(11,503)	-	(8,241)	-	(2,471)	(258,058)
Cash and investments - beginning	82,991	19,562	-	8,241	-	2,471	258,211
Cash and investments - ending	\$ -	\$ 8,059	\$ -	\$ -	\$ -	\$ -	\$ 153
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 8,059	\$ -	\$ -	\$ -	\$ -	\$ 153
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 8,059	\$ -	\$ -	\$ -	\$ -	\$ 153

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2009
 (Continued)

	Title II, A 07/08-08/09	ARRA Stimulus Fiscal Stabilization	ARRA Stimulus Title I	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 75,121	\$ 98,464	\$ 1,802,042
Intermediate sources	-	-	-	-	-	188
State sources	-	-	-	-	-	217,557
Federal sources	45,682	796,165	22,471	-	-	2,723,004
Temporary loans	-	-	-	70,880	-	588,511
Total receipts	45,682	796,165	22,471	146,001	98,464	5,331,302
Disbursements:						
Current:						
Instruction	9,150	317,108	-	-	-	1,787,617
Support services	22,079	225,868	-	103,156	-	2,186,095
Noninstructional services	-	-	-	-	-	595,271
Facilities acquisition and construction	-	-	-	-	115,320	121,120
Debt services	-	-	-	63,790	-	424,812
Nonprogrammed charges	-	92,201	-	-	-	92,201
Total disbursements	31,229	635,177	-	166,946	115,320	5,207,116
Excess (deficiency) of receipts over disbursements	14,453	160,988	22,471	(20,945)	(16,856)	124,186
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	500
Transfers in	-	-	-	-	-	41,736
Transfers out	(22,841)	-	-	-	-	(241,736)
Total other financing sources (uses)	(22,841)	-	-	-	-	(199,500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,388)	160,988	22,471	(20,945)	(16,856)	(75,314)
Cash and investments - beginning	13,588	-	-	99,708	31,404	1,230,946
Cash and investments - ending	\$ 5,200	\$ 160,988	\$ 22,471	\$ 78,763	\$ 14,548	\$ 1,155,632
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,200	\$ 160,988	\$ 22,471	\$ 78,763	\$ 14,548	\$ 1,155,632
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 5,200	\$ 160,988	\$ 22,471	\$ 78,763	\$ 14,548	\$ 1,155,632

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2010

	Transportation Operating	Preschool	School Lunch	Textbook Rental	Levy Excess	Coop Administrative Hearing	Education License Plates
Receipts:							
Local sources	\$ 1,806,465	\$ -	\$ 314,771	\$ 28,749	\$ 24,034	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	19
State sources	-	15,125	8,056	30,499	-	-	-
Federal sources	-	-	336,035	-	-	-	-
Temporary loans	407,088	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>2,213,553</u>	<u>15,125</u>	<u>658,862</u>	<u>59,248</u>	<u>24,034</u>	<u>-</u>	<u>19</u>
Disbursements:							
Current:							
Instruction	-	15,125	-	-	-	-	-
Support services	1,117,298	-	-	50,006	-	-	35
Noninstructional services	-	-	594,052	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	521,569	-	-	-	-	-	-
Total disbursements	<u>1,638,867</u>	<u>15,125</u>	<u>594,052</u>	<u>50,006</u>	<u>-</u>	<u>-</u>	<u>35</u>
Excess (deficiency) of receipts over disbursements	<u>574,686</u>	<u>-</u>	<u>64,810</u>	<u>9,242</u>	<u>24,034</u>	<u>-</u>	<u>(16)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(150,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(150,000)</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	424,686	-	64,810	9,242	24,034	-	(16)
Cash and investments - beginning	<u>243,800</u>	<u>-</u>	<u>233,262</u>	<u>48,508</u>	<u>-</u>	<u>26,003</u>	<u>137</u>
Cash and investments - ending	<u>\$ 668,486</u>	<u>\$ -</u>	<u>\$ 298,072</u>	<u>\$ 57,750</u>	<u>\$ 24,034</u>	<u>\$ 26,003</u>	<u>\$ 121</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 668,486</u>	<u>\$ -</u>	<u>\$ 298,072</u>	<u>\$ 57,750</u>	<u>\$ 24,034</u>	<u>\$ 26,003</u>	<u>\$ 121</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 668,486</u>	<u>\$ -</u>	<u>\$ 298,072</u>	<u>\$ 57,750</u>	<u>\$ 24,034</u>	<u>\$ 26,003</u>	<u>\$ 121</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2010
 (Continued)

	Safe Haven	Coop Donation	Insurance Stabilization	Dekko Foundation Grant	Teacher Grant	Coop Excellence Program	Gifted and Talented 08/09
Receipts:							
Local sources	\$ -	\$ 3,500	\$ 163	\$ -	\$ 17,700	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	15,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	15,000	3,500	163	-	17,700	-	-
Disbursements:							
Current:							
Instruction	-	489	-	24	554	7	-
Support services	15,000	1,758	36,550	-	7,576	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	15,000	2,247	36,550	24	8,130	7	-
Excess (deficiency) of receipts over disbursements	-	1,253	(36,387)	(24)	9,570	(7)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(10,163)
Total other financing sources (uses)	-	-	-	-	-	-	(10,163)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,253	(36,387)	(24)	9,570	(7)	(10,163)
Cash and investments - beginning	-	40	86,511	24	7,289	7	10,163
Cash and investments - ending	\$ -	\$ 1,293	\$ 50,124	\$ -	\$ 16,859	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 1,293	\$ 50,124	\$ -	\$ 16,859	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ 1,293	\$ 50,124	\$ -	\$ 16,859	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2010
 (Continued)

	Gifted and Talented 07/08	Extra- Curricular Activities	Non English Speaking Program	Technology Planning Grant	Insurance Consortium	Excess Prop Tax Repl Credit Distribution	Title I 08/09-09/10
Receipts:							
Local sources	\$ 16,716	\$ 1,081	\$ -	\$ -	\$ 73,381	\$ -	\$ 105
Intermediate sources	-	-	-	-	-	-	-
State sources	31,485	-	430	-	-	22,101	-
Federal sources	-	-	-	-	-	-	228,265
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	48,201	1,081	430	-	73,381	22,101	228,370
Disbursements:							
Current:							
Instruction	32,901	-	482	60,205	-	-	148,603
Support services	33,782	-	-	-	65,932	-	30,491
Noninstructional services	-	1,096	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	66,683	1,096	482	60,205	65,932	-	179,094
Excess (deficiency) of receipts over disbursements	(18,482)	(15)	(52)	(60,205)	7,449	22,101	49,276
Other financing sources (uses):							
Transfers in	10,163	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	10,163	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,319)	(15)	(52)	(60,205)	7,449	22,101	49,276
Cash and investments - beginning	23,263	72	436	61,308	10,492	-	64,135
Cash and investments - ending	\$ 14,944	\$ 57	\$ 384	\$ 1,103	\$ 17,941	\$ 22,101	\$ 113,411
Cash and Investment Assets - Ending							
Cash and investments	\$ 14,944	\$ 57	\$ 384	\$ 1,103	\$ 17,941	\$ 22,101	\$ 113,411
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 14,944	\$ 57	\$ 384	\$ 1,103	\$ 17,941	\$ 22,101	\$ 113,411

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2010
 (Continued)

	Title I School Improvement 08/09	Title V, A 07/08	PL 99-457 Preschool 08/09	Title IV, A 08/09	PL 108-446 Part B, IDEA 07/08	Title II, A 07/08-08/09	Title II, D 09/10
Receipts:							
Local sources	\$ -	\$ -	\$ 24	\$ 2	\$ -	\$ -	\$ 41
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	143,595	5,201	-	30,000	92,020
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	143,619	5,203	-	30,000	92,061
Disbursements:							
Current:							
Instruction	50,000	909	143,595	-	153	2,324	36,000
Support services	-	7,150	24	174	-	10,801	43,391
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	50,000	8,059	143,619	174	153	13,125	79,391
Excess (deficiency) of receipts over disbursements	(50,000)	(8,059)	-	5,029	(153)	16,875	12,670
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	(50,000)	(8,059)	-	5,029	(153)	16,875	12,670
Cash and investments - beginning	50,000	8,059	-	-	153	5,200	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 5,029	\$ -	\$ 22,075	\$ 12,670
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 5,029	\$ -	\$ 22,075	\$ 12,670
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ -	\$ 5,029	\$ -	\$ 22,075	\$ 12,670

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 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, 2010
 (Continued)

	ARRA Stimulus Fiscal Stabilization	ARRA Stimulus Title I	ARRA Stimulus Special Educ Preschool	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ 59	\$ 151	\$ 216,752	\$ 98,093	\$ 2,601,787
Intermediate sources	-	-	-	-	-	19
State sources	-	-	-	-	-	122,696
Federal sources	300,810	91,450	166,703	-	-	1,394,079
Temporary loans	-	-	-	17,624	-	424,712
Other	-	-	-	-	-	-
Total receipts	300,810	91,509	166,854	234,376	98,093	4,543,293
Disbursements:						
Current:						
Instruction	377,830	7,519	53,594	-	-	930,314
Support services	83,968	88,095	51	110,872	-	1,702,954
Noninstructional services	-	-	-	-	-	595,148
Facilities acquisition and construction	-	-	-	-	103,903	103,903
Debt services	-	-	-	70,880	-	592,449
Total disbursements	461,798	95,614	53,645	181,752	103,903	3,924,768
Excess (deficiency) of receipts over disbursements	(160,988)	(4,105)	113,209	52,624	(5,810)	618,525
Other financing sources (uses):						
Transfers in	-	-	-	-	-	10,163
Transfers out	-	-	-	(10,000)	-	(170,163)
Total other financing sources (uses)	-	-	-	(10,000)	-	(160,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(160,988)	(4,105)	113,209	42,624	(5,810)	458,525
Cash and investments - beginning	160,988	22,471	-	78,763	14,548	1,155,632
Cash and investments - ending	\$ -	\$ 18,366	\$ 113,209	\$ 121,387	\$ 8,738	\$ 1,614,157
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 18,366	\$ 113,209	\$ 121,387	\$ 8,738	\$ 1,614,157
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 18,366	\$ 113,209	\$ 121,387	\$ 8,738	\$ 1,614,157

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Clearing</u>	<u>Prepaid Student Lunch Fees</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 12,361,809	\$ 1,439	\$ 12,363,248
Deductions:			
Agency fund deductions	<u>12,361,807</u>	<u>213</u>	<u>12,362,020</u>
Excess (deficiency) of total additions over total deductions	2	1,226	1,228
Cash and investment fund balance - beginning	<u>-</u>	<u>5,298</u>	<u>5,298</u>
Cash and investment fund balance - ending	<u>\$ 2</u>	<u>\$ 6,524</u>	<u>\$ 6,526</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Payroll Clearing</u>	<u>Prepaid Student Lunch Fees</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 12,358,386	\$ 6,538	\$ 12,364,924
Deductions:			
Agency fund deductions	<u>12,358,383</u>	<u>6,705</u>	<u>12,365,088</u>
Excess (deficiency) of total additions over total deductions	3	(167)	(164)
Cash and investment fund balance - beginning	<u>2</u>	<u>6,524</u>	<u>6,526</u>
Cash and investment fund balance - ending	<u>\$ 5</u>	<u>\$ 6,357</u>	<u>\$ 6,362</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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	\$ 1,608,100
Buildings	27,279,086
Improvements other than buildings	831,868
Machinery and equipment	<u>7,423,786</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 37,142,840</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Building construction/renovation	\$ 18,555,000	\$ 2,454,000
Dell computers	214,118	109,713
Temporary loans payable	<u>981,824</u>	<u>990,724</u>
Total governmental activities debt	<u>\$ 19,750,942</u>	<u>\$ 3,554,437</u>

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 DEKALB COUNTY EASTERN
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Compliance

We have audited the compliance of the DeKalb County Eastern Community School District (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, 2009 and 2010. 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, 2009 and 2010.

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 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.

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)

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

December 9, 2010

DEKALB COUNTY EASTERN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 53,183	\$ 59,989
National School Lunch Program	10.555		295,704	325,603
Total for cluster			<u>348,887</u>	<u>385,592</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-1805	66,338	-
		09-1805	170,184	59,378
		09-1805SI	-	50,000
		10-1805	-	119,712
Total for program			<u>236,522</u>	<u>229,090</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	09-1805	-	95,613
Total for cluster			<u>236,522</u>	<u>324,703</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States				
	84.027			
		14208-046-PN01	1,404,731	154
		14209-046-PN01	3,266,207	1,185,574
		14210-046-PN01	-	3,135,638
Total for program			<u>4,670,938</u>	<u>4,321,366</u>
Special Education - Preschool Grants				
	84.173			
		45708-046-PN01	8,241	-
		45709-046-PN01	137,940	-
		45710-046-PN01	-	143,595
Total for program			<u>146,181</u>	<u>143,595</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	H91A090084	-	3,397,655
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-046-SN01	-	53,594
Total for cluster			<u>4,817,119</u>	<u>7,916,210</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		1805-07	2,471	-
		1805-08	2,242	-
		1805-09	-	174
Total for program			<u>4,713</u>	<u>174</u>
State Grants for Innovative Programs				
	84.298			
		07-1805	19,563	909
		08-1805	17,932	7,151
Total for program			<u>37,495</u>	<u>8,060</u>
Educational Technology State Grants Cluster				
Education Technology State Grants				
	84.318	A58-0-10IT-006	-	79,390
Improving Teacher Quality State Grants				
	84.367			
		07-1805	13,588	-
		08-1805	17,641	5,200
		09-1805	-	7,925
Total for program			<u>31,229</u>	<u>13,125</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	09-1805	635,177	461,798
Total for federal grantor agency			<u>5,762,255</u>	<u>8,803,460</u>
Total federal awards expended			<u>\$ 6,111,142</u>	<u>\$ 9,189,052</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
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 DeKalb County Eastern Community School District (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the year ended June 30, 2010:

Program Title	Federal CFDA Number	2010
Special Education – Grants to States, Recovery Act	84.391	\$ <u>3,207,867</u>

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 7,298	\$ 7,710
National School Lunch Program	10.555	40,575	41,846

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster Special Education Cluster (IDEA) State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$459,006

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2010, with Philip Carpenter, Treasurer; Dr. Jeffrey Stephens, Superintendent of Schools; and Leon Steury, President of the School Board. Our audit disclosed no material items that warrant comment at this time.