

**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, 2008 to June 30, 2010



**FILED**  
03/10/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund .....	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	13-14
Notes to Financial Statements .....	15-24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	36-37
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	38-39
Schedule of Capital Assets.....	40
Schedule of Long-Term Debt .....	41
Audit Result and Comment:	
Internal Controls Over Financial Transactions and Reporting .....	42
Supplemental Audit of Federal Awards:	
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.....	44-45
Schedule of Expenditures of Federal Awards .....	46-47
Notes to Schedule of Expenditures of Federal Awards.....	48
Schedule of Findings and Questioned Costs .....	49-50
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	51
Corrective Action Plan.....	52
Exit Conference.....	53

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-08 to 12-31-11
Superintendent of Schools	Dr. Daniel L. Roach	07-01-08 to 06-30-11
President of the School Board	Chris Owens Barb Lecher	01-01-08 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
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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, 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 February 15, 2011, 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress 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

February 15, 2011



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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 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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 15, 2011. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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 Corrective Action Plan. 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

February 15, 2011

DECATUR COUNTY COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 9,753,025	\$ -	\$ 248,616	\$ (9,504,409)
Support services	5,665,503	593,581	455,798	(4,616,124)
Noninstructional services	1,089,459	-	-	(1,089,459)
Facilities acquisition and construction	830,109	-	-	(830,109)
Debt service	5,156,221	-	-	(5,156,221)
Nonprogrammed charges	213,507	-	-	(213,507)
Total governmental activities	\$ 22,707,824	\$ 593,581	\$ 704,414	(21,409,829)
General receipts:				
Property taxes				7,347,874
Other local sources				2,090,796
State aid				8,978,395
Bonds and loans				1,229,000
Grants and contributions not restricted to specific programs				1,652,468
Investment earnings				52,835
Other				1,907
Total general receipts				21,353,275
Change in net assets				(56,554)
Net assets - beginning				4,934,140
Net assets - ending				\$ 4,877,586
<u>Assets</u>				
Cash and investments				\$ 4,328,173
Restricted assets:				
Cash and investments				549,413
Total assets				\$ 4,877,586
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 532,413
Other purposes				17,000
Unrestricted				4,328,173
Total net assets				\$ 4,877,586

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, 2010

<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>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 10,080,999	\$ -	\$ 203,174	\$ (9,877,825)
Support services	5,147,133	554,967	532,362	(4,059,804)
Noninstructional services	1,047,231	-	-	(1,047,231)
Facilities acquisition and construction	1,498,994	-	-	(1,498,994)
Debt service	2,325,324	-	-	(2,325,324)
Nonprogrammed charges	<u>146,542</u>	<u>-</u>	<u>-</u>	<u>(146,542)</u>
<b>Total governmental activities</b>	<b><u>\$ 20,246,223</u></b>	<b><u>\$ 554,967</u></b>	<b><u>\$ 735,536</u></b>	<b><u>(18,955,720)</u></b>
General receipts:				
Property taxes				5,438,927
Other local sources				1,629,387
State aid				12,062,552
Grants and contributions not restricted to specific programs				1,796,733
Investment earnings				71,196
Other				<u>11,414</u>
<b>Total general receipts</b>				<b><u>21,010,209</u></b>
Change in net assets				2,054,489
Net assets - beginning				<u>4,877,586</u>
Net assets - ending				<b><u>\$ 6,932,075</u></b>
<u>Assets</u>				
Cash and investments				\$ 6,207,431
Restricted assets:				
Cash and investments				<u>724,644</u>
<b>Total assets</b>				<b><u>\$ 6,932,075</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 707,644
Other purposes				17,000
Unrestricted				<u>6,207,431</u>
<b>Total net assets</b>				<b><u>\$ 6,932,075</u></b>

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, 2009

	General	Fiscal Stabilization Education	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 5,004,131	\$ -	\$ 1,653,677	\$ 3,183,232	\$ 9,841,040
Intermediate sources	2,022	-	-	242,024	244,046
State sources	9,190,817	-	-	200,605	9,391,422
Federal sources	-	1,059,265	-	884,590	1,943,855
Temporary loans	-	-	-	1,229,000	1,229,000
Interfund loans	-	-	95,000	95,000	190,000
Other	1,283	-	624	-	1,907
<b>Total receipts</b>	<b>14,198,253</b>	<b>1,059,265</b>	<b>1,749,301</b>	<b>5,834,451</b>	<b>22,841,270</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	8,859,137	-	-	893,888	9,753,025
Support services	3,610,320	-	534,692	1,520,491	5,665,503
Noninstructional services	121,950	-	-	967,509	1,089,459
Facilities acquisition and construction	8,748	-	786,790	34,571	830,109
Debt services	2,880,000	-	-	2,276,221	5,156,221
Nonprogrammed charges	213,507	-	-	-	213,507
Interfund loans	-	-	95,000	95,000	190,000
<b>Total disbursements</b>	<b>15,693,662</b>	<b>-</b>	<b>1,416,482</b>	<b>5,787,680</b>	<b>22,897,824</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,495,409)</b>	<b>1,059,265</b>	<b>332,819</b>	<b>46,771</b>	<b>(56,554)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	24,262	24,262
Transfers out	(5,189)	-	(2,421)	(16,652)	(24,262)
<b>Total other financing sources (uses)</b>	<b>(5,189)</b>	<b>-</b>	<b>(2,421)</b>	<b>7,610</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,500,598)</b>	<b>1,059,265</b>	<b>330,398</b>	<b>54,381</b>	<b>(56,554)</b>
Cash and investments - beginning	2,339,088	-	1,300,619	1,277,433	4,917,140
Cash and investments - ending	<u>\$ 838,490</u>	<u>\$ 1,059,265</u>	<u>\$ 1,631,017</u>	<u>\$ 1,331,814</u>	<u>4,860,586</u>
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>
<b>Net assets of governmental activities</b>					<u><u>\$ 4,877,586</u></u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 838,490	\$ 1,059,265	\$ 1,631,017	\$ 799,401	\$ 4,328,173
Restricted assets:					
Cash and investments	-	-	-	532,413	532,413
<b>Total cash and investment assets - ending</b>	<u>\$ 838,490</u>	<u>\$ 1,059,265</u>	<u>\$ 1,631,017</u>	<u>\$ 1,331,814</u>	<u>\$ 4,860,586</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 532,413	\$ 532,413
Unrestricted	838,490	1,059,265	1,631,017	799,401	4,328,173
<b>Total cash and investment fund balance - ending</b>	<u>\$ 838,490</u>	<u>\$ 1,059,265</u>	<u>\$ 1,631,017</u>	<u>\$ 1,331,814</u>	<u>\$ 4,860,586</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, 2010

	General	Fiscal Stabilization Education	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 216,317	\$ -	\$ 2,571,718	\$ 4,455,225	\$ 7,243,260
Intermediate sources	-	-	-	451,218	451,218
State sources	12,230,824	-	-	471,156	12,701,980
Federal sources	-	447,379	-	1,445,461	1,892,840
Other	-	-	9,968	1,446	11,414
<b>Total receipts</b>	<b>12,447,141</b>	<b>447,379</b>	<b>2,581,686</b>	<b>6,824,506</b>	<b>22,300,712</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	7,590,531	1,152,107	-	1,338,361	10,080,999
Support services	2,765,762	354,537	503,149	1,523,685	5,147,133
Noninstructional services	114,560	-	-	932,671	1,047,231
Facilities acquisition and construction	6,393	-	1,291,669	200,932	1,498,994
Debt services	-	-	-	2,325,324	2,325,324
Nonprogrammed charges	146,542	-	-	-	146,542
<b>Total disbursements</b>	<b>10,623,788</b>	<b>1,506,644</b>	<b>1,794,818</b>	<b>6,320,973</b>	<b>20,246,223</b>
Excess (deficiency) of receipts over disbursements	1,823,353	(1,059,265)	786,868	503,533	2,054,489
<b>Other financing sources (uses):</b>					
Transfers in	25,320	-	-	8,674	33,994
Transfers out	-	-	-	(33,994)	(33,994)
<b>Total other financing sources (uses)</b>	<b>25,320</b>	<b>-</b>	<b>-</b>	<b>(25,320)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,848,673	(1,059,265)	786,868	478,213	2,054,489
Cash and investments - beginning	838,490	1,059,265	1,631,017	1,331,814	4,860,586
Cash and investments - ending	<u>\$ 2,687,163</u>	<u>\$ -</u>	<u>\$ 2,417,885</u>	<u>\$ 1,810,027</u>	6,915,075
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.					
					17,000
Net assets of governmental activities					<u>\$ 6,932,075</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 2,687,163	\$ -	\$ 2,417,885	\$ 1,102,383	\$ 6,207,431
Restricted assets:					
Cash and investments	-	-	-	707,644	707,644
<b>Total cash and investment assets - ending</b>	<u>\$ 2,687,163</u>	<u>\$ -</u>	<u>\$ 2,417,885</u>	<u>\$ 1,810,027</u>	<u>\$ 6,915,075</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 707,644	\$ 707,644
Unrestricted	2,687,163	-	2,417,885	1,102,383	6,207,431
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,687,163</u>	<u>\$ -</u>	<u>\$ 2,417,885</u>	<u>\$ 1,810,027</u>	<u>\$ 6,915,075</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 FUND  
 For the Year Ended June 30, 2009

	<u>Self Insurance</u>
Cash and investment fund balance - beginning	\$ 17,000
Cash and investment fund balance - ending	<u>\$ 17,000</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 17,000</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 17,000</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 FUND  
 For the Year Ended June 30, 2010

	<u>Self Insurance</u>
Cash and investment fund balance - beginning	\$ 17,000
Cash and investment fund balance - ending	<u>\$ 17,000</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 17,000</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 17,000</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, 2009

	Private-Purpose Trust Funds	Payroll Withholdings
Additions:		
Contributions:		
Other	\$ 2,689	
Investment earnings:		
Interest	1,021	
Total additions	3,710	
Deductions:		
Administrative and general	4,858	
Deficiency of total additions over total deductions	(1,148)	
Cash and investment fund balance - beginning	70,523	
Cash and investment fund balance - ending	\$ 69,375	\$ 80,848
Net assets:		
Cash and investments	\$ 69,375	\$ 80,848
Total net assets - cash and investment basis held in trust	\$ 69,375	\$ 80,848

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, 2010

	Private-Purpose Trust Funds	Payroll Withholdings
Additions:		
Contributions:		
Other	\$ 1,337	
Investment earnings:		
Interest	2,657	
Total additions	3,994	
Deductions:		
Administrative and general	4,262	
Deficiency of total additions over total deductions	(268)	
Cash and investment fund balance - beginning	69,375	
Cash and investment fund balance - ending	\$ 69,107	\$ 73,300
Net assets:		
Cash and investments	\$ 69,107	\$ 73,300
Total net assets - cash and investment basis held in trust	\$ 69,107	\$ 73,300

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*.

Joint Venture

The School Corporation is a participant in a joint venture to operate Bartholomew Consolidated Special Education Co-operative which was created to provide special educational services. The School Corporation is obligated by contract to remit an amount based on participation annually to supplement the Bartholomew Consolidated Special Education Co-operative. Complete financial statements for the Bartholomew Consolidated Special Educational Co-operative can be obtained from Bartholomew Consolidated School Corporation at 703 Washington Street, Columbus, IN 47201.

The School Corporation is a participant in a joint venture to operate Bartholomew Consolidated C4 Career Classes which was created to provide vocational educational services. The School Corporation is obligated by contract to remit an amount based on participation annually to supplement the Bartholomew Consolidated C4 Career Classes. Complete financial statements for the Bartholomew Consolidated C4 Career Classes can be obtained from Bartholomew Consolidated School Corporation at 703 Washington Street, Columbus, IN 47201.

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 fiscal stabilization education fund accounts for receipts and disbursements of cash received from the federal government to be used for general school purposes.

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:

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

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

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

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.

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.

Fund Financial Statements

1. 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.
2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
3. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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. 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 high-way 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. Cash Balance Deficits

At June 30, 2009 and 2010, the following grant funds reported deficits in cash:

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2009	2010
School Safe Haven	\$ -	\$ 11,422
United Fund Decatur Co. Grant	20	20
Gifted and Talented	-	2,366
IDEA Grant 2008-2009	115,248	-
IDEA Grant 2009-2010	-	48,189
Drug Free Schools 2008-2009	968	-
Drug Free Schools 2009-2010	-	453
Project Lead the Way Pre-Engineering 2008-2009	17,351	-
Lilly ECO 15 Biomed 2008-2009	14,149	4,754
Lilly ECO 15 Pre-Engineering 2008-2009	6,064	1,120
Lilly ECO 15 Broadband 2008-2009	11,036	-
Project Lead the Way Biomed 2009-2010	-	6,987
Project Lead the Way Pre-Engineering 2009-2010	-	1,676
Title II	33,871	-
IDEA Stimulus	-	87,574

Cash deficits are generally caused by incurring expenses that are reimbursed by a third party. These cash deficits are short term and will be reimbursed from future grant proceeds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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 \$6,507,511.

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

DECATUR COUNTY COMMUNITY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ 5,189	\$ -
Capital Projects Fund	Other Governmental Funds	2,421	-
Other Governmental Funds	General Fund	-	25,320
Other Governmental Funds	Other Governmental Funds	16,652	8,674
Totals		<u>\$ 24,262</u>	<u>\$ 33,994</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School. The following schedule presents a summary of restated beginning balances by opinion unit.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported June 30, 2008	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2008
Governmental Funds	\$ 4,935,202	\$ (1,062)	\$ -	\$ -	\$ 4,934,140
Private-Purpose Trust Funds	69,461	1,062	-	-	70,523

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; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with employee and dependent vision and dental care. The risk financing fund is accounted for in the general fund, where assets are set aside for claim settlements. Reimbursements for care are made from the general fund up to the plan limits.

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.

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. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2008-2009 and 2009-2010 totaled \$677,964 and \$677,500, respectively.

C. Subsequent Event

Decatur County Community Schools has issued Qualified School Construction Bonds (QSCB), as allowed by the American Recovery and Reinvestment Act of 2009 in the amount of \$1,985,000. The bond issuance date was December 9, 2010. The proceeds of the bond issue will be used to renovate North Decatur Jr. Sr. High School. The semiannual debt repayments for these bonds will begin on December 31, 2011, from the Debt Service Fund.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Pension Plans

1. Agent Multiple-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 \$287,500.

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.

DECATUR COUNTY COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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 \$526,629.

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, 2009

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education License Plate
<b>Receipts:</b>							
Local sources	\$ 1,199,126	\$ 11,810	\$ -	\$ 552,653	\$ 210,940	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	3,299
State sources	-	66,512	-	15,511	55,527	-	-
Federal sources	-	-	-	384,761	-	-	-
Temporary loans	767,000	-	-	-	-	-	-
Interfund loans	95,000	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,061,126</b>	<b>78,322</b>	<b>-</b>	<b>952,925</b>	<b>266,467</b>	<b>-</b>	<b>3,299</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	54,211	-	-	-	-	-
Support services	1,159,140	-	-	-	225,234	-	-
Noninstructional services	-	-	-	964,559	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	744,000	-	-	-	-	-	-
Interfund loans	95,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,998,140</b>	<b>54,211</b>	<b>-</b>	<b>964,559</b>	<b>225,234</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	62,986	24,111	-	(11,634)	41,233	-	3,299
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	13,166	11,096	-
Transfers out	(1,729)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,729)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,166</b>	<b>11,096</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	61,257	24,111	-	(11,634)	54,399	11,096	3,299
Cash and investments - beginning	242,273	(24,111)	100,000	302,357	137,536	-	10,726
Cash and investments - ending	<u>\$ 303,530</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 290,723</u>	<u>\$ 191,935</u>	<u>\$ 11,096</u>	<u>\$ 14,025</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 303,530	\$ -	\$ 100,000	\$ 290,723	\$ 191,935	\$ 11,096	\$ 14,025
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 303,530</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 290,723</u>	<u>\$ 191,935</u>	<u>\$ 11,096</u>	<u>\$ 14,025</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	303,530	-	100,000	290,723	191,935	11,096	14,025
Total cash and investment fund balance - ending	<u>\$ 303,530</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 290,723</u>	<u>\$ 191,935</u>	<u>\$ 11,096</u>	<u>\$ 14,025</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, 2009  
 (Continued)

	School Library Grant	School Safe Haven	Gifted and Talented	Medicaid Reimbursement	Non-English Speaking Program	Performance Awards	Title I 2007-2008
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	1,040	35,294	-	899	-	-
Federal sources	-	-	-	-	-	-	29,400
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,040</b>	<b>35,294</b>	<b>-</b>	<b>899</b>	<b>-</b>	<b>29,400</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	42,245	-	653	-	24,411
Support services	-	1,040	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,040</b>	<b>42,245</b>	<b>-</b>	<b>653</b>	<b>-</b>	<b>24,411</b>
Excess (deficiency) of receipts over disbursements	-	-	(6,951)	-	246	-	4,989
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(6,951)	-	246	-	4,989
Cash and investments - beginning	31	159	6,979	1,549	1,121	1,917	(4,989)
Cash and investments - ending	<u>\$ 31</u>	<u>\$ 159</u>	<u>\$ 28</u>	<u>\$ 1,549</u>	<u>\$ 1,367</u>	<u>\$ 1,917</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 31	\$ 159	\$ 28	\$ 1,549	\$ 1,367	\$ 1,917	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 31</u></b>	<b><u>\$ 159</u></b>	<b><u>\$ 28</u></b>	<b><u>\$ 1,549</u></b>	<b><u>\$ 1,367</u></b>	<b><u>\$ 1,917</u></b>	<b><u>\$ -</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31	159	28	1,549	1,367	1,917	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 31</u></b>	<b><u>\$ 159</u></b>	<b><u>\$ 28</u></b>	<b><u>\$ 1,549</u></b>	<b><u>\$ 1,367</u></b>	<b><u>\$ 1,917</u></b>	<b><u>\$ -</u></b>

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, 2009  
 (Continued)

	Title I 2008-2009	Innovative Education	IDEA Grant 2008-2009	Drug Free Schools 2008-2009	Drug Free Schools 2007-2008	Project Lead the Way Biomed 2008-2009
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	238,725	-	-	-
State sources	-	-	-	-	-	25,000
Federal sources	327,401	-	-	-	7,554	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>327,401</b>	<b>-</b>	<b>238,725</b>	<b>-</b>	<b>7,554</b>	<b>25,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	263,927	-	340,438	-	-	18,434
Support services	13,578	3,430	-	968	7,396	5,130
Noninstructional services	2,950	-	-	-	-	-
Facilities acquisition and construction	-	-	13,535	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>280,455</b>	<b>3,430</b>	<b>353,973</b>	<b>968</b>	<b>7,396</b>	<b>23,564</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>46,946</b>	<b>(3,430)</b>	<b>(115,248)</b>	<b>(968)</b>	<b>158</b>	<b>1,436</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>46,946</b>	<b>(3,430)</b>	<b>(115,248)</b>	<b>(968)</b>	<b>158</b>	<b>1,436</b>
Cash and investments - beginning	-	3,430	-	-	5,321	-
<b>Cash and investments - ending</b>	<b>\$ 46,946</b>	<b>\$ -</b>	<b>\$ (115,248)</b>	<b>\$ (968)</b>	<b>\$ 5,479</b>	<b>\$ 1,436</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 46,946	\$ -	\$ (115,248)	\$ (968)	\$ 5,479	\$ 1,436
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 46,946</b>	<b>\$ -</b>	<b>\$ (115,248)</b>	<b>\$ (968)</b>	<b>\$ 5,479</b>	<b>\$ 1,436</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	46,946	-	(115,248)	(968)	5,479	1,436
<b>Total cash and investment fund balance - ending</b>	<b>\$ 46,946</b>	<b>\$ -</b>	<b>\$ (115,248)</b>	<b>\$ (968)</b>	<b>\$ 5,479</b>	<b>\$ 1,436</b>

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, 2009  
 (Continued)

	Project Lead the Way Pre-Engineering 2008-2009	Lilly ECO 15 Biomed 2008-2009	Lilly ECO 15 Pre-Engineering 2008-2009	Lilly ECO 15 Broadband 2008-2009	Child Care and Development Block Grant	Title II
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	822	-	-	-	-
Federal sources	-	-	-	-	-	121,614
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,614</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	15,351	14,971	6,064	-	-	113,183
Support services	2,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	11,036	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>17,351</b>	<b>14,971</b>	<b>6,064</b>	<b>11,036</b>	<b>-</b>	<b>113,183</b>
Excess (deficiency) of receipts over disbursements	(17,351)	(14,149)	(6,064)	(11,036)	-	8,431
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,351)	(14,149)	(6,064)	(11,036)	-	8,431
Cash and investments - beginning	-	-	-	-	600	(42,302)
Cash and investments - ending	<u>\$ (17,351)</u>	<u>\$ (14,149)</u>	<u>\$ (6,064)</u>	<u>\$ (11,036)</u>	<u>\$ 600</u>	<u>\$ (33,871)</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ (17,351)	\$ (14,149)	\$ (6,064)	\$ (11,036)	\$ 600	\$ (33,871)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (17,351)</u></b>	<b><u>\$ (14,149)</u></b>	<b><u>\$ (6,064)</u></b>	<b><u>\$ (11,036)</u></b>	<b><u>\$ 600</u></b>	<b><u>\$ (33,871)</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(17,351)	(14,149)	(6,064)	(11,036)	600	(33,871)
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (17,351)</u></b>	<b><u>\$ (14,149)</u></b>	<b><u>\$ (6,064)</u></b>	<b><u>\$ (11,036)</u></b>	<b><u>\$ 600</u></b>	<b><u>\$ (33,871)</u></b>

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, 2009  
 (Continued)

	Title II Technology Literature	Debt Service	Retirement and Pension	Transportation Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 963,989	\$ 234,228	\$ 10,486	\$ -	\$ 3,183,232
Intermediate sources	-	-	-	-	-	242,024
State sources	-	-	-	-	-	200,605
Federal sources	13,860	-	-	-	-	884,590
Temporary loans	-	315,000	147,000	-	-	1,229,000
Interfund loans	-	-	-	-	-	95,000
<b>Total receipts</b>	<b>13,860</b>	<b>1,278,989</b>	<b>381,228</b>	<b>10,486</b>	<b>-</b>	<b>5,834,451</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	893,888
Support services	18,262	-	-	84,313	-	1,520,491
Noninstructional services	-	-	-	-	-	967,509
Facilities acquisition and construction	10,000	-	-	-	-	34,571
Debt services	-	1,209,981	322,240	-	-	2,276,221
Interfund loans	-	-	-	-	-	95,000
<b>Total disbursements</b>	<b>28,262</b>	<b>1,209,981</b>	<b>322,240</b>	<b>84,313</b>	<b>-</b>	<b>5,787,680</b>
Excess (deficiency) of receipts over disbursements	(14,402)	69,008	58,988	(73,827)	-	46,771
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	24,262
Transfers out	-	(14,607)	(316)	-	-	(16,652)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(14,607)</b>	<b>(316)</b>	<b>-</b>	<b>-</b>	<b>7,610</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,402)	54,401	58,672	(73,827)	-	54,381
Cash and investments - beginning	18,262	335,770	83,570	88,605	8,629	1,277,433
Cash and investments - ending	<u>\$ 3,860</u>	<u>\$ 390,171</u>	<u>\$ 142,242</u>	<u>\$ 14,778</u>	<u>\$ 8,629</u>	<u>\$ 1,331,814</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 3,860	\$ -	\$ -	\$ 14,778	\$ 8,629	\$ 799,401
Restricted assets:						
Cash and investments	-	390,171	142,242	-	-	532,413
<b>Total cash and investment assets - ending</b>	<b>\$ 3,860</b>	<b>\$ 390,171</b>	<b>\$ 142,242</b>	<b>\$ 14,778</b>	<b>\$ 8,629</b>	<b>\$ 1,331,814</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ 390,171	\$ 142,242	\$ -	\$ -	\$ 532,413
Unrestricted	3,860	-	-	14,778	8,629	799,401
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,860</b>	<b>\$ 390,171</b>	<b>\$ 142,242</b>	<b>\$ 14,778</b>	<b>\$ 8,629</b>	<b>\$ 1,331,814</b>

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, 2010

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education License Plate
<b>Receipts:</b>							
Local sources	\$ 1,799,754	\$ -	\$ -	\$ 527,914	\$ 193,629	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	2,972
State sources	-	28,736	-	14,134	52,335	25,247	-
Federal sources	-	-	-	465,893	-	-	-
Other	1,446	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,801,200</b>	<b>28,736</b>	<b>-</b>	<b>1,007,941</b>	<b>245,964</b>	<b>25,247</b>	<b>2,972</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	14,512	-	-	-	-	-
Support services	1,146,612	-	-	-	209,383	-	-
Noninstructional services	-	-	-	928,214	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	767,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,913,612</b>	<b>14,512</b>	<b>-</b>	<b>928,214</b>	<b>209,383</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(112,412)	14,224	-	79,727	36,581	25,247	2,972
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	991	-	-
Transfers out	-	(14,224)	-	-	-	(11,096)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(14,224)</b>	<b>-</b>	<b>-</b>	<b>991</b>	<b>(11,096)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(112,412)	-	-	79,727	37,572	14,151	2,972
Cash and investments - beginning	303,530	-	100,000	290,723	191,935	11,096	14,025
Cash and investments - ending	\$ 191,118	\$ -	\$ 100,000	\$ 370,450	\$ 229,507	\$ 25,247	\$ 16,997
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 191,118	\$ -	\$ 100,000	\$ 370,450	\$ 229,507	\$ 25,247	\$ 16,997
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 191,118</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 370,450</b>	<b>\$ 229,507</b>	<b>\$ 25,247</b>	<b>\$ 16,997</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	191,118	-	100,000	370,450	229,507	25,247	16,997
<b>Total cash and investment fund balance - ending</b>	<b>\$ 191,118</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 370,450</b>	<b>\$ 229,507</b>	<b>\$ 25,247</b>	<b>\$ 16,997</b>

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, 2010  
 (Continued)

	School Library Grant	School Safe Haven	Gifted and Talented	Medicaid Reimbursement	Non-English Speaking Program	Performance Awards	Title I 2008-2009
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	34,901	-	-	-	-
Federal sources	-	-	-	-	-	-	33,000
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>34,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	37,295	-	-	-	70,570
Support services	-	11,581	-	-	-	-	1,693
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>11,581</b>	<b>37,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,263</b>
Excess (deficiency) of receipts over disbursements	-	(11,581)	(2,394)	-	-	-	(39,263)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(7,683)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,683)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,581)	(2,394)	-	-	-	(46,946)
Cash and investments - beginning	31	159	28	1,549	1,367	1,917	46,946
Cash and investments - ending	\$ 31	\$ (11,422)	\$ (2,366)	\$ 1,549	\$ 1,367	\$ 1,917	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 31	\$ (11,422)	\$ (2,366)	\$ 1,549	\$ 1,367	\$ 1,917	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 31</b>	<b>\$ (11,422)</b>	<b>\$ (2,366)</b>	<b>\$ 1,549</b>	<b>\$ 1,367</b>	<b>\$ 1,917</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31	(11,422)	(2,366)	1,549	1,367	1,917	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 31</b>	<b>\$ (11,422)</b>	<b>\$ (2,366)</b>	<b>\$ 1,549</b>	<b>\$ 1,367</b>	<b>\$ 1,917</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Title I 2009-2010	Innovative Education	IDEA Grant 2008-2009	IDEA Grant 2009-2010	IDEA Preschool 2009-2010	School Safety Grant	Drug Free Schools 2008-2009
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	117,176	312,980	18,090	-	-
State sources	-	-	-	-	-	-	-
Federal sources	328,365	1,338	-	-	-	10,000	6,635
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>328,365</b>	<b>1,338</b>	<b>117,176</b>	<b>312,980</b>	<b>18,090</b>	<b>10,000</b>	<b>6,635</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	226,103	-	(2,598)	333,595	18,090	-	-
Support services	23,094	1,338	-	27,574	-	10,000	1,137
Noninstructional services	3,637	-	-	-	-	-	-
Facilities acquisition and construction	-	-	4,526	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>252,834</b>	<b>1,338</b>	<b>1,928</b>	<b>361,169</b>	<b>18,090</b>	<b>10,000</b>	<b>1,137</b>
Excess (deficiency) of receipts over disbursements	75,531	-	115,248	(48,189)	-	-	5,498
<b>Other financing sources (uses):</b>							
Transfers in	7,683	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>7,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	83,214	-	115,248	(48,189)	-	-	5,498
Cash and investments - beginning	-	-	(115,248)	-	-	-	(968)
<b>Cash and investments - ending</b>	<b>\$ 83,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (48,189)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,530</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 83,214	\$ -	\$ -	\$ (48,189)	\$ -	\$ -	\$ 4,530
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 83,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (48,189)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,530</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	83,214	-	-	(48,189)	-	-	4,530
<b>Total cash and investment fund balance - ending</b>	<b>\$ 83,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (48,189)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,530</b>

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, 2010  
 (Continued)

	Drug Free Schools 2009-2010	Drug Free Schools 2007-2008	Project Lead the Way Biomed 2008-2009	Project Lead the Way Pre-Engineering 2008-2009	Lilly ECO 15 Biomed 2008-2009	Lilly ECO 15 Pre-Engineering 2008-2009	Lilly ECO 15 Broadband 2008-2009
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	20,000	43,341	48,880	203,582
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>43,341</b>	<b>48,880</b>	<b>203,582</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	1,436	399	22,982	40,512	-
Support services	453	5,462	-	2,250	10,964	3,424	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	192,546
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>453</b>	<b>5,462</b>	<b>1,436</b>	<b>2,649</b>	<b>33,946</b>	<b>43,936</b>	<b>192,546</b>
Excess (deficiency) of receipts over disbursements	(453)	(5,462)	(1,436)	17,351	9,395	4,944	11,036
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(453)	(5,462)	(1,436)	17,351	9,395	4,944	11,036
Cash and investments - beginning	-	5,479	1,436	(17,351)	(14,149)	(6,064)	(11,036)
Cash and investments - ending	\$ (453)	\$ 17	\$ -	\$ -	\$ (4,754)	\$ (1,120)	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (453)	\$ 17	\$ -	\$ -	\$ (4,754)	\$ (1,120)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ (453)</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,754)</b>	<b>\$ (1,120)</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(453)	17	-	-	(4,754)	(1,120)	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ (453)</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,754)</b>	<b>\$ (1,120)</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Project Lead the Way Biomed 2009-2010	Project Lead the Way Pre-Engineering 2009-2010	Child Care and Development Block Grant	Title II	Title II Technology Literature	Title I Stimulus	IDEA Stimulus
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	102,643	-	196,356	287,682
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,643</b>	<b>-</b>	<b>196,356</b>	<b>287,682</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	3,787	319	-	68,772	-	175,509	313,529
Support services	3,200	1,357	-	-	-	2,436	61,727
Noninstructional services	-	-	-	-	-	820	-
Facilities acquisition and construction	-	-	-	-	3,860	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,987</b>	<b>1,676</b>	<b>-</b>	<b>68,772</b>	<b>3,860</b>	<b>178,765</b>	<b>375,256</b>
Excess (deficiency) of receipts over disbursements	(6,987)	(1,676)	-	33,871	(3,860)	17,591	(87,574)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,987)	(1,676)	-	33,871	(3,860)	17,591	(87,574)
Cash and investments - beginning	-	-	600	(33,871)	3,860	-	-
Cash and investments - ending	<u>\$ (6,987)</u>	<u>\$ (1,676)</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,591</u>	<u>\$ (87,574)</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ (6,987)	\$ (1,676)	\$ 600	\$ -	\$ -	\$ 17,591	\$ (87,574)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u><b>\$ (6,987)</b></u>	<u><b>\$ (1,676)</b></u>	<u><b>\$ 600</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 17,591</b></u>	<u><b>\$ (87,574)</b></u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(6,987)	(1,676)	600	-	-	17,591	(87,574)
<b>Total cash and investment fund balance - ending</b>	<u><b>\$ (6,987)</b></u>	<u><b>\$ (1,676)</b></u>	<u><b>\$ 600</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 17,591</b></u>	<u><b>\$ (87,574)</b></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, 2010  
 (Continued)

	IDEA Preschool Stimulus	Debt Service	Retirement and Pension	Transportation Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 1,350,125	\$ 384,421	\$ 199,382	\$ -	\$ 4,455,225
Intermediate sources	-	-	-	-	-	451,218
State sources	-	-	-	-	-	471,156
Federal sources	13,549	-	-	-	-	1,445,461
Other	-	-	-	-	-	1,446
<b>Total receipts</b>	<b>13,549</b>	<b>1,350,125</b>	<b>384,421</b>	<b>199,382</b>	<b>-</b>	<b>6,824,506</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	13,549	-	-	-	-	1,338,361
Support services	-	-	-	-	-	1,523,685
Noninstructional services	-	-	-	-	-	932,671
Facilities acquisition and construction	-	-	-	-	-	200,932
Debt services	-	1,170,213	388,111	-	-	2,325,324
<b>Total disbursements</b>	<b>13,549</b>	<b>1,170,213</b>	<b>388,111</b>	<b>-</b>	<b>-</b>	<b>6,320,973</b>
Excess (deficiency) of receipts over disbursements	-	179,912	(3,690)	199,382	-	503,533
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	8,674
Transfers out	-	(991)	-	-	-	(33,994)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(991)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,320)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	178,921	(3,690)	199,382	-	478,213
Cash and investments - beginning	-	390,171	142,242	14,778	8,629	1,331,814
Cash and investments - ending	\$ -	\$ 569,092	\$ 138,552	\$ 214,160	\$ 8,629	\$ 1,810,027
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 214,160	\$ 8,629	\$ 1,102,383
Restricted assets:						
Cash and investments	-	569,092	138,552	-	-	707,644
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 569,092</b>	<b>\$ 138,552</b>	<b>\$ 214,160</b>	<b>\$ 8,629</b>	<b>\$ 1,810,027</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ 569,092	\$ 138,552	\$ -	\$ -	\$ 707,644
Unrestricted	-	-	-	214,160	8,629	1,102,383
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 569,092</b>	<b>\$ 138,552</b>	<b>\$ 214,160</b>	<b>\$ 8,629</b>	<b>\$ 1,810,027</b>

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, 2009

	R.S. Lowe Scholarship	Nobbe, Brown, Conover Scholarship	Baumgartle Agriculture Scholarship	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank a Teacher Grant	United Fund Decatur Co. Grant	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ 443	\$ -	\$ -	\$ 1,438	\$ 808	\$ 2,689
Investment earnings:								
Interest	344	677	-	-	-	-	-	1,021
Total additions	<u>344</u>	<u>677</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>808</u>	<u>3,710</u>
Deductions:								
Administrative and general	700	1,500	443	-	-	1,387	828	4,858
Excess (deficiency) of total additions over total deductions	(356)	(823)	-	-	-	51	(20)	(1,148)
Cash and investment fund balance - beginning	23,362	45,972	-	32	96	1,061	-	70,523
Cash and investments - ending	<u>\$ 23,006</u>	<u>\$ 45,149</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,112</u>	<u>\$ (20)</u>	<u>\$ 69,375</u>
Net assets								
Cash and investments	<u>\$ 23,006</u>	<u>\$ 45,149</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,112</u>	<u>\$ (20)</u>	<u>\$ 69,375</u>
Total net assets - cash and investment basis held in trust	<u>\$ 23,006</u>	<u>\$ 45,149</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,112</u>	<u>\$ (20)</u>	<u>\$ 69,375</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, 2010

	R.S. Lowe Scholarship	Nobbe, Brown, Conover Scholarship	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank a Teacher Grant	United Fund Decatur Co. Grant	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ -	\$ 1,337	\$ -	\$ 1,337
Investment earnings:							
Interest	906	1,751	-	-	-	-	2,657
Total additions	<u>906</u>	<u>1,751</u>	<u>-</u>	<u>-</u>	<u>1,337</u>	<u>-</u>	<u>3,994</u>
Deductions:							
Administrative and general	<u>700</u>	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>1,312</u>	<u>-</u>	<u>4,262</u>
Excess (deficiency) of total additions over total deductions	206	(499)	-	-	25	-	(268)
Cash and investment fund balance - beginning	<u>23,006</u>	<u>45,149</u>	<u>32</u>	<u>96</u>	<u>1,112</u>	<u>(20)</u>	<u>69,375</u>
Cash and investments - ending	<u>\$ 23,212</u>	<u>\$ 44,650</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,137</u>	<u>\$ (20)</u>	<u>\$ 69,107</u>
Net assets							
Cash and investments	<u>\$ 23,212</u>	<u>\$ 44,650</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,137</u>	<u>\$ (20)</u>	<u>\$ 69,107</u>
Total net assets - cash and investment basis held in trust	<u>\$ 23,212</u>	<u>\$ 44,650</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,137</u>	<u>\$ (20)</u>	<u>\$ 69,107</u>

DECATUR COUNTY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009

	<u>Payroll Withholdings</u>
Additions: Agency fund additions	\$ <u>3,455,968</u>
Deductions: Agency fund deductions	<u>3,469,506</u>
Deficiency of total additions over total deductions	(13,538)
Cash and investment fund balance - beginning	<u>94,387</u>
Cash and investment fund balance - ending	\$ <u><u>80,848</u></u>

DECATUR COUNTY COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2010

	<u>Payroll Withholdings</u>
Additions: Agency fund additions	\$ <u>3,236,010</u>
Deductions: Agency fund deductions	<u>3,243,559</u>
Deficiency of total additions over total deductions	(7,549)
Cash and investment fund balance - beginning	<u>80,848</u>
Cash and investment fund balance - ending	\$ <u><u>73,300</u></u>

DECATUR COUNTY COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 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 and buildings	\$ 17,054,251
Improvements other than buildings	1,957,639
Machinery and equipment	<u>6,003,414</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 25,015,304</u></u>

DECATUR COUNTY COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

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	\$ 3,525,000	\$ 685,000
Notes and loans payable:		
Common School Fund Loan	441,717	123,210
Bonds payable:		
General obligation bonds:		
Pension and Severance Bond	<u>2,455,000</u>	<u>241,630</u>
Total governmental activities debt	<u>\$ 6,421,717</u>	<u>\$ 1,049,840</u>

DECATUR COUNTY COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions and reporting which we believe constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the school corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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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, 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-2.

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

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)

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. 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

February 15, 2011

DECATUR COUNTY COMMUNITY SCHOOLS  
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	FY 08-09	\$ 69,675	\$ -
		FY 09-10	-	89,809
National School Lunch Program	10.555	FY 08-09	371,105	-
		FY 09-10	-	439,237
Total for cluster			<u>440,780</u>	<u>529,046</u>
Total for federal grantor agency			<u>440,780</u>	<u>529,046</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			
FY 08-09		08-1655	304,865	-
FY 09-10		09-1655	-	332,780
Total for program			<u>304,865</u>	<u>332,780</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
FY 09-10		09-1655	-	178,765
Total for cluster			<u>304,865</u>	<u>511,545</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
FY 08-09		14209-003-PN01	353,973	1,928
FY 09-10		14210-003-PN01	-	361,169
Total for program			<u>353,973</u>	<u>363,097</u>
Special Education - Preschool Grants	84.173			
FY 08-09		45709-003-PN01	13,000	5,361
FY 09-10		45710-003-PN01	-	18,090
Total for program			<u>13,000</u>	<u>23,451</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391			
FY 09-10		33310-003-SN01	-	375,256
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
FY 09-10		44410-003-SN01	-	13,549
Total for cluster			<u>366,973</u>	<u>775,353</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State				
Grants, Recovery Act	84.394			
FY 09-10		09-1655	-	1,506,645
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318			
Ed Tech Competitive Grant		S318X060014	28,262	3,860

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

DECATUR COUNTY COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

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
<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>				
Pass-Through Indiana Department of Education (continued)				
Educational Technology State Grants Cluster (continued)				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
FY 06-07		06-1655	5,321	-
FY 07-08		07-1655	2,076	5,462
FY 08-09		08-1655	968	1,137
FY 09-10		09-1655	-	453
Total for program			<u>8,365</u>	<u>7,052</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
Bio-Med 08-09	84.243	SPL-BIO-7-671	23,564	1,436
Pre-Engineering 08-09		C1-PLTW-8-671	17,351	2,649
Bio-Med 09-10		C1-SPLBIO-9-671	-	6,987
Pre-Engineering 09-10		C1-10-PLTW-9-671	-	1,676
Total for program			<u>40,915</u>	<u>12,748</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
FY 08-09	84.298	07-1655	3,430	-
FY 08-09		07-1655 Supp	-	1,338
Total for program			<u>3,430</u>	<u>1,338</u>
Improving Teacher Quality State Grants				
FY 07-08	84.367	07-1655	21,800	-
FY 08-09		08-1655	57,511	-
FY 09-10		09-1655	33,871	68,772
Total for program			<u>113,182</u>	<u>68,772</u>
Total for federal grantor agency			<u>865,992</u>	<u>2,887,313</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Disaster # 1766	97.036	FY 08-09	3,970	-
Total for federal grantor agency			<u>3,970</u>	<u>-</u>
Total federal awards expended			<u>\$ 1,310,742</u>	<u>\$ 3,416,359</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 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. 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	2008-2009	2009-2010
National School Lunch Program	10.555	\$ 52,790	\$ 53,283
School Breakfast Program	10.553	9,108	9,870

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?	yes
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? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
Special Education Cluster  
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions and reporting which we believe constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the school corporation to reduce risks to achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

DECATUR COUNTY COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2, TITLE I, PART A CLUSTER – CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies, ARRA - Title I  
Grants to Local Educational Agencies, Recovery Act  
CFDA Number: 84.010, 84.389  
Pass-Through Entity: Indiana Department of Education  
Award Number: 08-1655, 09-1655

Amounts received by the School Corporation for the Title I Grants to Local Educational Agencies (Title I Grants) and the ARRA - Title I Grants to Local Education Agencies, Recovery Act (ARRA – Title I Grants) were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the Title I Grants exceeded the allowable cash balance based on estimated future requirements for eight of the twenty-four months during the audit period. The cash balance of the ARRA - Title I Grants exceeded the allowable cash balance based on estimated future requirements for six of the twelve months during the 2009-2010 school year.

EDGAR 80.20 (b) (7) states:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasurer and disbursements by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by the subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

DECATUR COUNTY COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ADMINISTRATION

DR. DANIEL L. ROACH  
Superintendent

MICHAEL WILCOX  
Assistant Superintendent

KATHY LAND  
Secretary

LOUISE S. SMITH  
Business Manager

SANDY PRATT  
Deputy Treasurer

AMY HACKER  
Bookkeeper

# Decatur County Community Schools

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BOARD MEMBERS

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President

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Vice President

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Secretary

MARK KOORS  
JILL KOEHNE  
MARK YOUNG  
TIM ROSCOE

February 15, 2011

State Board of Accounts  
Exit Conference  
School Corporation's Official Response  
Audit Period July 1, 2008 – June 30, 2010

The school corporation would like to respond to the items sited during the exit conference on February 15, 2010.

Finding 2010-1, Internal Controls over Financial Transactions and Reporting, Lack of Segregation of Duties

We will review our procedures for internal control and attempt to implement, at least on a sample basis, steps to provide segregation of duties of the receipting, disbursing, recording and accounting for the financial activities. Being a small school corporation, management has determined that the cost associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of additional internal control. We acknowledge and assume the risk inherent with the current design of the business office operations.

Finding 2010-2, Title I, Part A Cluster – Cash Management

Past practice for cash requests has been to divide the total grant awarded by twelve months and receive equal payments throughout the grant year, making sure not to receive more than 20% of the total grant in the first three months. Because expenditures did not occur on a routine twelve month cycle, we had excess cash on hand. We will monitor our grant spending and request funding to more closely match our disbursement of funds.

We request that his 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



Dr. Daniel L. Roach  
Superintendent

DECATUR COUNTY COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2011, with Louise S. Smith, Treasurer; Dr. Daniel L. Roach, Superintendent of Schools; and Michael Wilcox, Assistant Superintendent of Schools. The officials concurred with our audit findings.