

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA
November 1, 2010 to June 30, 2011



FILED
04/19/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith Keehn	12-02-10 to 12-31-12
Superintendent of Schools	Norm Kleist	12-02-10 to 12-31-12
President of the School Board	Dick Bucher Tim Guse	11-01-10 to 06-30-11 07-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DEWEY PRAIRIE CONSOLIDATED
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

We have examined the financial statement of the Dewey Prairie Consolidated School Corporation (School Corporation), for the period of November 1, 2010 to June 30, 2011. The School Corporation's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period ended June 30, 2011, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and the School Board, 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

March 29, 2012

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FINANCIAL STATEMENT

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

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DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Period Ended June 30, 2011

	Cash and Investments 11-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ -	\$ 1,706,147	\$ 805,070	\$ 25,679	\$ 926,756
Capital Projects	-	117,336	114,531	-	2,805
Transportation Operating	-	28,150	187,514	-	(159,364)
School Bus Replacement	-	182,581	-	-	182,581
Rainy Day	-	50,225	-	-	50,225
Construction	-	2,615,623	561,840	-	2,053,783
School Lunch	-	45,410	40,211	-	5,199
Textbook Rental	-	5,176	3,549	-	1,627
Remediation	-	2,644	-	-	2,644
Reorganization	-	16,724	12,099	-	4,625
Title I	-	11,952	457	(14,780)	(3,285)
Title V	-	350	-	-	350
Drug Free Schools	-	-	5	258	253
Improving Teacher Quality	-	3,680	1,674	(1,258)	748
Rural Schools and Low Income Program	-	7,205	1,144	(9,899)	(3,838)
Medical Reimbursement	-	7,662	2,401	-	5,261
Payroll Clearing	-	182,551	145,370	-	37,180
Totals	<u>\$ -</u>	<u>\$ 4,983,415</u>	<u>\$ 1,875,865</u>	<u>\$ -</u>	<u>\$ 3,107,550</u>

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

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other financing sources and uses

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

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plan

Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Events

LaPorte County Property Taxes

For the past four property tax years LaPorte County has been unable to establish approved assessment amounts for County-wide properties. This has caused the County to bill property tax owners based on "provisional" tax bills since the 2006 payable 2007 property tax billing year. In November 2010, LaPorte County completed an approved assessment of property values for the 2006 payable 2007 property tax year. On April 1, 2011, the County sent to tax payers a reconciling bill for the 2006 payable 2007 property tax year which was due April 21, 2011, and then subsequently settled by the County to local units of government. These delays and uncertainties have resulted in a lower than budget property tax collection rate for the County. It is undeterminable how much property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received.

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

School Consolidation

On January 31, 2011, the Board of School Trustees of Cass Township Schools and the Board of School Trustees of the newly formed Dewey Prairie Consolidated School Corporation approved a Joint Resolution stating that the two separate schools shall be consolidated in one under the name Tri-Township Consolidated School Corporation. The Tri-Township Consolidated School Corporation came into existence on July 1, 2011, and serves students from Cass, Dewey, and Prairie Townships in LaPorte County. It is the intent of Dewey Prairie Consolidated School Corporation to transfer ownership of all its assets to the new Tri-Township Consolidated School Corporation.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Report can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Report of the School Corporation which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Period Ended June 30, 2011

	General	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental	Remediation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	196,627	4,239	2,612	3,652	587	-	28,746	2,066	-
State sources	1,209,364	-	-	-	-	-	15,354	3,110	1,137
Federal sources	-	-	-	-	-	-	-	-	-
Other	300,156	113,097	25,538	178,929	49,638	2,615,623	1,310	-	1,507
Total receipts	<u>1,706,147</u>	<u>117,336</u>	<u>28,150</u>	<u>182,581</u>	<u>50,225</u>	<u>2,615,623</u>	<u>45,410</u>	<u>5,176</u>	<u>2,644</u>
Disbursements:									
Current:									
Instruction	499,550	244	-	-	-	-	-	-	-
Support services	269,560	58,044	65,788	-	-	-	1,502	503	-
Noninstructional services	-	-	-	-	-	-	38,709	-	-
Facilities acquisition and construction	-	56,243	-	-	-	542,526	-	-	-
Nonprogrammed charges	35,960	-	121,726	-	-	19,314	-	3,046	-
Total disbursements	<u>805,070</u>	<u>114,531</u>	<u>187,514</u>	<u>-</u>	<u>-</u>	<u>561,840</u>	<u>40,211</u>	<u>3,549</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>901,077</u>	<u>2,805</u>	<u>(159,364)</u>	<u>182,581</u>	<u>50,225</u>	<u>2,053,783</u>	<u>5,199</u>	<u>1,627</u>	<u>2,644</u>
Other financing sources (uses):									
Transfers in	25,780	-	-	-	-	-	-	-	-
Transfers out	(101)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>25,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>926,756</u>	<u>2,805</u>	<u>(159,364)</u>	<u>182,581</u>	<u>50,225</u>	<u>2,053,783</u>	<u>5,199</u>	<u>1,627</u>	<u>2,644</u>
Cash and investments - ending	<u>\$ 926,756</u>	<u>\$ 2,805</u>	<u>\$ (159,364)</u>	<u>\$ 182,581</u>	<u>\$ 50,225</u>	<u>\$ 2,053,783</u>	<u>\$ 5,199</u>	<u>\$ 1,627</u>	<u>\$ 2,644</u>

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Period Ended June 30, 2011
 (Continued)

	Reorganization	Title I	Title V	Drug Free Schools	Improving Teacher Quality	Rural Schools and Low Income Program	Medical Reimbursement	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	242	-	-	-	238,771
State sources	-	-	-	-	3,438	1,060	-	-	1,233,463
Federal sources	-	11,952	-	-	-	-	-	-	11,952
Other	16,724	-	350	-	-	6,145	7,662	182,551	3,499,229
Total receipts	16,724	11,952	350	-	3,680	7,205	7,662	182,551	4,983,415
Disbursements:									
Current:									
Instruction	-	457	-	-	180	562	-	-	500,993
Support services	-	-	-	-	-	582	-	-	395,979
Noninstructional services	-	-	-	-	-	-	-	-	38,709
Facilities acquisition and construction	12,099	-	-	-	-	-	-	-	610,868
Nonprogrammed charges	-	-	-	5	1,494	-	2,401	145,370	329,316
Total disbursements	12,099	457	-	5	1,674	1,144	2,401	145,370	1,875,865
Excess (deficiency) of receipts over disbursements	4,625	11,495	350	(5)	2,006	6,061	5,261	37,180	3,107,550
Other financing sources (uses):									
Transfers in	-	-	-	1,258	-	101	-	-	27,139
Transfers out	-	(14,780)	-	(1,000)	(1,258)	(10,000)	-	-	(27,139)
Total other financing sources (uses)	-	(14,780)	-	258	(1,258)	(9,899)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,625	(3,285)	350	253	748	(3,838)	5,261	37,180	3,107,550
Cash and investments - ending	\$ 4,625	\$ (3,285)	\$ 350	\$ 253	\$ 748	\$ (3,838)	\$ 5,261	\$ 37,180	\$ 3,107,550

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Transportation Operating Fund, Title I Fund, and Rural Schools and Low Income Program Fund were overdrawn at June 30, 2011. The overdrawn fund balances were \$159,364; \$3,285; and \$3,838, respectively.

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

DEWEY PRAIRIE CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 29, 2012, with Judith Keehn, Treasurer; Norm Kleist, Superintendent of Schools; and Dick Bucher, Board member.