

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

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT REPORT
OF

DANVILLE COMMUNITY SCHOOL CORPORATION
HENDRICKS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
01/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly A. Baker	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Denis E. Ward	07-01-10 to 06-30-13
President of the School Board	Brandon Lawson Todd Cloncs	07-01-10 to 06-30-11 07-01-11 to 06-30-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DANVILLE COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the accompanying financial statement of the Danville Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 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. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2012, 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 9, 2012



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

TO: THE OFFICIALS OF THE DANVILLE COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the financial statement of the Danville Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated November 9, 2012. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

November 9, 2012

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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DANVILLE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 2,100,201	\$ 14,166,709	\$ 13,941,968	\$ 22,851	\$ 2,347,793	\$ 14,333,226	\$ 14,688,673	\$ -	\$ 1,992,346
Debt Service	3,643,092	6,500,662	5,384,660	(955,304)	3,803,790	5,910,327	6,640,899	-	3,073,218
Retirement/Severance Bond Debt Service	40,935	346,387	311,849	-	75,473	323,997	306,861	-	92,609
Capital Projects	2,106,170	1,927,140	2,814,193	13,370	1,232,487	2,047,442	1,842,036	-	1,437,893
School Transportation	805,613	1,698,360	1,651,546	43,324	895,751	1,510,570	1,774,487	-	631,834
School Bus Replacement	506,575	238,396	88,095	100	656,976	65,897	375,397	-	347,476
Rainy Day	1,015,136	-	11,314	997,500	2,001,322	-	-	-	2,001,322
Retirement/Severance Bond	122,902	6	-	-	122,908	2	-	-	122,910
Construction	1,199	-	-	-	1,199	-	-	-	1,199
School Lunch	172,479	1,244,399	1,216,428	-	200,450	1,281,986	1,228,801	-	253,635
Textbook Rental	18,848	260,162	193,320	-	85,690	249,729	125,122	-	210,297
Educational License Plates	-	-	-	-	-	469	469	-	-
Alternative Education	101,754	136,710	149,288	-	89,176	79,203	103,222	-	65,157
G/T 08-09	-	-	-	-	-	34,745	24,885	-	9,860
Gifted/Talented 10-11	-	35,841	20,005	-	15,836	-	15,836	-	-
09-10 Gifted/Talented Grant	26,916	-	4,896	(22,020)	-	-	-	-	-
Education Technology	(38,535)	466,905	428,370	-	-	308,015	308,272	-	(257)
Medicaid Reimbursement	-	3,449	3,449	-	-	8,004	8,004	-	-
Scholarships and Awards	1,839	-	1,839	-	-	2,199	2,199	-	-
Non-English Speaking Programs P.L. 273-1999	-	1,850	-	-	-	-	-	-	-
School Technology	17,049	24,653	20,631	-	21,071	21,710	11,851	-	30,930
Performance Based Awards	-	-	-	-	-	9,596	9,596	-	-
David C Ford Grant 11-12	-	-	-	-	-	2,500	1,063	-	1,437
Excess PTRC Distributions	65,993	33,828	-	(99,821)	-	37,433	-	-	37,433
Chapter 1	-	128,784	149,558	-	(20,774)	19,095	(1,679)	-	-
Title I 08/09	-	-	-	-	-	127,726	141,976	-	(14,250)
IDEA	16,331	-	-	-	16,331	-	-	-	16,331
PL 408-446 IDEA PT B 10-11	-	348,173	415,014	19,531	(47,310)	76,319	29,009	-	-
IDEA Part B 2011-12	-	-	-	-	-	391,286	430,714	-	(39,428)
PL 108-446 10-11	-	13,700	14,981	-	(1,281)	1,281	-	-	-
IDEA Part B Preschool 2011-12	-	-	-	-	-	8,159	10,199	-	(2,040)
Drug Free School 09-10	3,150	-	2,121	-	1,029	806	1,835	-	-
Medicaid Reimbursement - Federal	-	7,850	-	-	7,850	14,835	1,176	-	21,509
IDEA	45,319	-	45,319	-	-	-	-	-	-
School Technology	-	-	-	-	-	11,257	12,207	-	(950)
Improving Teaching Quality, No Child Left, Title II, Part A	-	8,043	33,586	-	(25,543)	52,979	27,436	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	11,099	-	(11,099)	114,834	160,598	-	(56,863)
Special Education - Part B	83,948	72,020	137,286	(19,531)	(849)	16,554	15,705	-	-
Special Education - Part B - Preschool	1,860	1,642	3,160	-	342	-	342	-	-
Pilot Renee Bowman 2010-2011	-	-	-	-	-	2,000	2,000	-	-
Misc Reimbursements	734	451	451	-	734	500	1,234	-	-
Postage Cell phones	(1,113)	-	-	-	(1,113)	-	-	-	(1,113)
Trans Extra Pepsi	198	246	180	-	264	243	-	-	507
Clearing ADM Offices Cokes	10,485	17,854	11,612	-	16,727	13,281	18,106	-	11,902
DCEF Grant to DCHS 08-09	57	-	57	-	-	-	-	-	-
Criminal History Chk Funds	344	2,820	2,694	-	470	3,574	3,292	-	752
Curriculum Program Sales	-	25,000	15,321	-	9,679	-	1,339	-	8,340
Literacy Grant Renee Bowman	-	-	-	-	-	35,773	35,706	-	67
Payroll Withholding Funds	69,505	15,935,188	15,909,543	-	95,150	18,826,641	18,821,116	-	100,675
Totals	\$ 10,938,984	\$ 43,647,228	\$ 42,995,683	\$ -	\$ 11,590,529	\$ 45,944,193	\$ 47,179,984	\$ -	\$ 10,354,738

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

DANVILLE COMMUNITY 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.

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. Receipts are recorded when received and disbursements are recorded when paid.

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, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest and other similar fees.

State sources include distributions from the State of Indiana and are 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.

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include 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.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient 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.

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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. Overdrawn Fund Balances

The following grant funds had negative balances as of June 30, 2011:

- Chapter I
- PL408-446 IDEA PT B 10-11
- PL108-446 10-11
- Improving Teacher Quality No Child Left Title II, Part A
- ITQ Enhanced Education Through Technology Title II, Part D
- Special Education Part B

The following grant funds had negative balances as of June 30, 2012:

- Education Technology
- Title I 08/09
- IDEA Part B 2011-12
- IDEA Part B Preschool 2011-12
- School Technology
- ITQ Enhanced Education Through Technology Title II, Part D

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

The Indiana Department of Education required that these grant funds be spent prior to being reimbursed. These grant funds were expected to have negative balances because of the manner in which the grants are administered.

The Postage Cell Phones fund was overdrawn at both June 30, 2011 and June 30, 2012. The Postage Cell Phones fund is an old dormant fund that has not had any activity in at least three years. The fund was originally used as a clearing account for administrator's postage and cell phone bills.

Note 8. Negative Disbursement

A negative disbursement was reported in the Chapter 1 fund in 2012. This is the result of reclassification of expenditures reported in a prior year to another fund.

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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 Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 2,100,201	\$ 3,643,092	\$ 40,935	\$ 2,106,170	\$ 805,613	\$ 506,575	\$ 1,015,136	\$ 122,902	\$ 1,199	\$ 172,479
Receipts:										
Local sources	364,295	5,794,562	346,387	1,867,620	1,277,591	238,396	-	6	-	856,425
Intermediate sources	25	-	-	-	-	-	-	-	-	-
State sources	13,799,418	100,827	-	-	-	-	-	-	-	16,953
Federal sources	-	-	-	-	-	-	-	-	-	371,021
Temporary loans	-	605,273	-	59,520	420,658	-	-	-	-	-
Other	2,971	-	-	-	111	-	-	-	-	-
Total receipts	14,166,709	6,500,662	346,387	1,927,140	1,698,360	238,396	-	6	-	1,244,399
Disbursements:										
Current:										
Instruction	8,865,079	-	-	-	-	-	-	-	-	-
Support services	4,759,288	-	-	1,417,887	1,246,344	88,095	-	-	-	40,980
Noninstructional services	317,601	-	-	-	-	-	-	-	-	1,175,448
Facilities acquisition and construction	-	-	-	825,659	-	-	-	-	-	-
Debt services	-	5,384,660	311,849	570,647	405,202	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	11,314	-	-	-
Total disbursements	13,941,968	5,384,660	311,849	2,814,193	1,651,546	88,095	11,314	-	-	1,216,428
Excess (deficiency) of receipts over disbursements	224,741	1,116,002	34,538	(887,053)	46,814	150,301	(11,314)	6	-	27,971
Other financing sources (uses):										
Transfers in	22,851	42,196	-	13,370	43,324	100	997,500	-	-	-
Transfers out	-	(997,500)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	22,851	(955,304)	-	13,370	43,324	100	997,500	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	247,592	160,698	34,538	(873,683)	90,138	150,401	986,186	6	-	27,971
Cash and investments - ending	\$ 2,347,793	\$ 3,803,790	\$ 75,473	\$ 1,232,487	\$ 895,751	\$ 656,976	\$ 2,001,322	\$ 122,908	\$ 1,199	\$ 200,450

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

	Textbook Rental	Educational License Plates	Alternative Education	G/T 08-09	Gifted/ Talented 10-11	09-10 Gifted/ Talented Grant	Education Technology	Medicaid Reimbursement	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 18,848	\$ -	\$ 101,754	\$ -	\$ -	\$ 26,916	\$ (38,535)	\$ -	\$ 1,839	\$ -
Receipts:										
Local sources	202,959	-	55,676	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	49,364	-	21,034	-	35,797	-	70,638	3,449	-	1,850
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	396,267	-	-	-
Other	7,839	-	60,000	-	44	-	-	-	-	-
Total receipts	260,162	-	136,710	-	35,841	-	466,905	3,449	-	1,850
Disbursements:										
Current:										
Instruction	-	-	138,239	-	6,832	2,439	-	-	25	1,850
Support services	192,802	-	6,054	-	13,173	2,457	-	3,449	1,814	-
Noninstructional services	518	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	4,995	-	-	-	428,370	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	193,320	-	149,288	-	20,005	4,896	428,370	3,449	1,839	1,850
Excess (deficiency) of receipts over disbursements	66,842	-	(12,578)	-	15,836	(4,896)	38,535	-	(1,839)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(22,020)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(22,020)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,842	-	(12,578)	-	15,836	(26,916)	38,535	-	(1,839)	-
Cash and investments - ending	\$ 85,690	\$ -	\$ 89,176	\$ -	\$ 15,836	\$ -	\$ -	\$ -	\$ -	\$ -

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

	School Technology	Performance Based Awards	David C Ford Grant 11-12	Excess PTRC Distributions	Chapter I	Title I 08/09	IDEA	PL 408-446 IDEA PT B 10-11	IDEA Part B 2011-12	PL 108-446 10-11
Cash and investments - beginning	\$ 17,049	\$ -	\$ -	\$ 65,993	\$ -	\$ -	\$ 16,331	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,165	-	-	33,828	-	-	-	-	-	-
Federal sources	-	-	-	-	128,784	-	-	348,173	-	13,700
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	18,488	-	-	-	-	-	-	-	-	-
Total receipts	24,653	-	-	33,828	128,784	-	-	348,173	-	13,700
Disbursements:										
Current:										
Instruction	15,493	-	-	-	149,558	-	-	415,014	-	14,981
Support services	992	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	4,146	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,631	-	-	-	149,558	-	-	415,014	-	14,981
Excess (deficiency) of receipts over disbursements	4,022	-	-	33,828	(20,774)	-	-	(66,841)	-	(1,281)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	19,531	-	-
Transfers out	-	-	-	(99,821)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(99,821)	-	-	-	19,531	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,022	-	-	(65,993)	(20,774)	-	-	(47,310)	-	(1,281)
Cash and investments - ending	\$ 21,071	\$ -	\$ -	\$ -	\$ (20,774)	\$ -	\$ 16,331	\$ (47,310)	\$ -	\$ (1,281)

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

	IDEA Part B Preschool 2011-12	Drug Free School 09-10	Medicaid Reimbursement Federal	IDEA	School Technology	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Special Education Part B	Special Education Part B Preschool	Pilot Renee Bowman 2010-2011
Cash and investments - beginning	\$ -	\$ 3,150	\$ -	\$ 45,319	\$ -	\$ -	\$ -	\$ 83,948	\$ 1,860	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	7,850	-	-	8,013	-	72,020	1,642	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	30	-	-	-	-
Total receipts	-	-	7,850	-	-	8,043	-	72,020	1,642	-
Disbursements:										
Current:										
Instruction	-	876	-	1,249	-	1,006	789	100,236	3,160	-
Support services	-	1,245	-	44,070	-	32,580	10,310	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	37,050	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,121	-	45,319	-	33,586	11,099	137,286	3,160	-
Excess (deficiency) of receipts over disbursements	-	(2,121)	7,850	(45,319)	-	(25,543)	(11,099)	(65,266)	(1,518)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(19,531)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(19,531)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,121)	7,850	(45,319)	-	(25,543)	(11,099)	(84,797)	(1,518)	-
Cash and investments - ending	\$ -	\$ 1,029	\$ 7,850	\$ -	\$ -	\$ (25,543)	\$ (11,099)	\$ (849)	\$ 342	\$ -

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

	Misc Reimbursements	Postage Cell Phones	Trans Extra Pepsi	Clearing ADM Offices Cokes	DCEF Grant to DCHS 08-09	Criminal History Chk Funds	Curriculum Program Sales	Literacy Grant Renee Bowman	Payroll Withholding Funds	Totals
Cash and investments - beginning	\$ 734	\$ (1,113)	\$ 198	\$ 10,485	\$ 57	\$ 344	\$ -	\$ -	\$ 69,505	\$ 10,938,984
Receipts:										
Local sources	-	-	246	17,854	-	2,820	25,000	-	-	11,049,837
Intermediate sources	-	-	-	-	-	-	-	-	-	25
State sources	-	-	-	-	-	-	-	-	-	14,139,323
Federal sources	-	-	-	-	-	-	-	-	-	951,203
Temporary loans	-	-	-	-	-	-	-	-	-	1,481,718
Other	451	-	-	-	-	-	-	-	15,935,188	16,025,122
Total receipts	451	-	246	17,854	-	2,820	25,000	-	15,935,188	43,647,228
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	9,716,826
Support services	-	-	-	-	-	-	15,321	-	-	7,876,861
Noninstructional services	-	-	180	11,612	-	2,694	-	-	-	1,508,053
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,300,220
Debt services	-	-	-	-	-	-	-	-	-	6,672,358
Nonprogrammed charges	451	-	-	-	57	-	-	-	15,909,543	15,921,365
Total disbursements	451	-	180	11,612	57	2,694	15,321	-	15,909,543	42,995,683
Excess (deficiency) of receipts over disbursements	-	-	66	6,242	(57)	126	9,679	-	25,645	651,545
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	1,138,872
Transfers out	-	-	-	-	-	-	-	-	-	(1,138,872)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	66	6,242	(57)	126	9,679	-	25,645	651,545
Cash and investments - ending	\$ 734	\$ (1,113)	\$ 264	\$ 16,727	\$ -	\$ 470	\$ 9,679	\$ -	\$ 95,150	\$ 11,590,529

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 2,347,793	\$ 3,803,790	\$ 75,473	\$ 1,232,487	\$ 895,751	\$ 656,976	\$ 2,001,322	\$ 122,908	\$ 1,199	\$ 200,450
Receipts:										
Local sources	462,241	5,910,327	323,997	1,798,764	1,281,613	65,897	-	2	-	860,775
Intermediate sources	13	-	-	-	-	-	-	-	-	-
State sources	13,864,461	-	-	-	-	-	-	-	-	17,488
Federal sources	-	-	-	-	-	-	-	-	-	403,723
Temporary loans	-	-	-	241,004	226,533	-	-	-	-	-
Other	6,511	-	-	7,674	2,424	-	-	-	-	-
Total receipts	14,333,226	5,910,327	323,997	2,047,442	1,510,570	65,897	-	2	-	1,281,986
Disbursements:										
Current:										
Instruction	9,330,433	-	-	-	-	-	-	-	-	-
Support services	4,999,727	-	-	1,247,506	1,353,829	375,397	-	-	-	35,497
Noninstructional services	358,513	-	-	-	-	-	-	-	-	1,193,304
Facilities acquisition and construction	-	-	-	535,010	-	-	-	-	-	-
Debt services	-	6,640,899	306,861	59,520	420,658	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	14,688,673	6,640,899	306,861	1,842,036	1,774,487	375,397	-	-	-	1,228,801
Excess (deficiency) of receipts over disbursements	(355,447)	(730,572)	17,136	205,406	(263,917)	(309,500)	-	2	-	53,185
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(355,447)	(730,572)	17,136	205,406	(263,917)	(309,500)	-	2	-	53,185
Cash and investments - ending	\$ 1,992,346	\$ 3,073,218	\$ 92,609	\$ 1,437,893	\$ 631,834	\$ 347,476	\$ 2,001,322	\$ 122,910	\$ 1,199	\$ 253,635

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Educational License Plates	Alternative Education	G/T 08-09	Gifted/ Talented 10-11	09-10 Gifted/ Talented Grant	Education Technology	Medicaid Reimbursement	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 85,690	\$ -	\$ 89,176	\$ -	\$ 15,836	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	183,088	-	63,219	-	-	-	-	-	-	-
Intermediate sources	-	469	-	-	-	-	-	-	-	-
State sources	55,759	-	15,984	34,745	-	-	-	26	2,199	-
Federal sources	-	-	-	-	-	-	-	7,978	-	-
Temporary loans	-	-	-	-	-	-	308,015	-	-	-
Other	10,882	-	-	-	-	-	-	-	-	-
Total receipts	249,729	469	79,203	34,745	-	-	308,015	8,004	2,199	-
Disbursements:										
Current:										
Instruction	-	-	98,227	13,762	15,936	-	-	-	2,199	-
Support services	124,623	469	4,995	11,123	(100)	-	-	8,004	-	-
Noninstructional services	499	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	308,272	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	125,122	469	103,222	24,885	15,836	-	308,272	8,004	2,199	-
Excess (deficiency) of receipts over disbursements	124,607	-	(24,019)	9,860	(15,836)	-	(257)	-	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	124,607	-	(24,019)	9,860	(15,836)	-	(257)	-	-	-
Cash and investments - ending	\$ 210,297	\$ -	\$ 65,157	\$ 9,860	\$ -	\$ -	\$ (257)	\$ -	\$ -	\$ -

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Technology	Performance Based Awards	David C Ford Grant 11-12	Excess PTRC Distributions	Chapter I	Title I 08/09	IDEA	PL 408-446 IDEA PT B 10-11	IDEA Part B 2011-12	PL 108-446 10-11
Cash and investments - beginning	\$ 21,071	\$ -	\$ -	\$ -	\$ (20,774)	\$ -	\$ 16,331	\$ (47,310)	\$ -	\$ (1,281)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	293,877	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	2,055	9,596	2,500	37,433	-	-	-	-	-	-
Federal sources	-	-	-	-	19,095	127,726	-	76,319	97,409	1,281
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	19,655	-	-	-	-	-	-	-	-	-
Total receipts	21,710	9,596	2,500	37,433	19,095	127,726	-	76,319	391,286	1,281
Disbursements:										
Current:										
Instruction	8,903	-	-	-	(1,679)	134,648	-	29,009	383,133	-
Support services	-	9,596	1,063	-	-	-	-	-	47,581	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	2,948	-	-	-	-	7,328	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,851	9,596	1,063	-	(1,679)	141,976	-	29,009	430,714	-
Excess (deficiency) of receipts over disbursements	9,859	-	1,437	37,433	20,774	(14,250)	-	47,310	(39,428)	1,281
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,859	-	1,437	37,433	20,774	(14,250)	-	47,310	(39,428)	1,281
Cash and investments - ending	\$ 30,930	\$ -	\$ 1,437	\$ 37,433	\$ -	\$ (14,250)	\$ 16,331	\$ -	\$ (39,428)	\$ -

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	IDEA Part B Preschool 2011-12	Drug Free School 09-10	Medicaid Reimbursement Federal	IDEA	School Technology	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Special Education Part B	Special Education Part B Preschool	Pilot Renee Bowman 2010-2011
Cash and investments - beginning	\$ -	\$ 1,029	\$ 7,850	\$ -	\$ -	\$ (25,543)	\$ (11,099)	\$ (849)	\$ 342	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	2,000
Federal sources	8,159	806	14,835	-	11,257	52,944	114,834	16,554	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	35	-	-	-	-
Total receipts	8,159	806	14,835	-	11,257	52,979	114,834	16,554	-	2,000
Disbursements:										
Current:										
Instruction	10,199	-	-	-	17	2,416	13,998	15,705	342	2,000
Support services	-	1,835	1,176	-	12,190	25,020	87,498	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	59,102	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,199	1,835	1,176	-	12,207	27,436	160,598	15,705	342	2,000
Excess (deficiency) of receipts over disbursements	(2,040)	(1,029)	13,659	-	(950)	25,543	(45,764)	849	(342)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,040)	(1,029)	13,659	-	(950)	25,543	(45,764)	849	(342)	-
Cash and investments - ending	\$ (2,040)	\$ -	\$ 21,509	\$ -	\$ (950)	\$ -	\$ (56,863)	\$ -	\$ -	\$ -

DANVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Misc Reimbursements	Postage Cell Phones	Trans Extra Pepsi	Clearing ADM Offices Cokes	DCEF Grant to DCHS 08-09	Criminal History Chk Funds	Curriculum Program Sales	Literacy Grant Renee Bowman	Payroll Withholding Funds	Totals
Cash and investments - beginning	\$ 734	\$ (1,113)	\$ 264	\$ 16,727	\$ -	\$ 470	\$ 9,679	\$ -	\$ 95,150	\$ 11,590,529
Receipts:										
Local sources	-	-	243	13,281	-	3,574	-	-	-	11,260,898
Intermediate sources	-	-	-	-	-	-	-	-	-	482
State sources	-	-	-	-	-	-	35,773	-	-	14,080,019
Federal sources	-	-	-	-	-	-	-	-	-	952,920
Temporary loans	-	-	-	-	-	-	-	-	-	775,552
Other	500	-	-	-	-	-	-	-	18,826,641	18,874,322
Total receipts	500	-	243	13,281	-	3,574	-	35,773	18,826,641	45,944,193
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	10,059,248
Support services	-	-	-	-	-	-	1,339	35,706	-	8,384,074
Noninstructional services	-	-	-	18,106	-	3,292	-	-	-	1,573,714
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	912,660
Debt services	-	-	-	-	-	-	-	-	-	7,427,938
Nonprogrammed charges	1,234	-	-	-	-	-	-	-	18,821,116	18,822,350
Total disbursements	1,234	-	-	18,106	-	3,292	1,339	35,706	18,821,116	47,179,984
Excess (deficiency) of receipts over disbursements	(734)	-	243	(4,825)	-	282	(1,339)	67	5,525	(1,235,791)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(734)	-	243	(4,825)	-	282	(1,339)	67	5,525	(1,235,791)
Cash and investments - ending	\$ -	\$ (1,113)	\$ 507	\$ 11,902	\$ -	\$ 752	\$ 8,340	\$ 67	\$ 100,675	\$ 10,354,738

DANVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The financial software used by the school district automatically reconciled the bank balance at the beginning of the month to the bank balance at the end of the month. The software also documented clearing transactions and outstanding transactions. The School District used the information provided, along with the bank statements, to insure that all items related to a given month's transactions have been recorded; however, actual bank reconciliations, reconciling total bank balances to total fund balances during the audit period were not presented.

The field examiner reconstructed bank reconcilements at June 30, 2011 and June 30, 2012, using the School District's records. These reconstructed reconcilements indicated cash long of \$575.60 at June 30, 2011, and cash long of \$4,285.28 at June 30, 2012.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

APPROPRIATIONS

The records presented for audit indicated Debt Service Fund expenditures exceeded budgeted appropriations by \$7,024.63 in the year 2011. The School Corporation transferred monies in excess of the Debt Service Fund's remaining appropriations to the Rainy Day Fund in 2011. The School Corporation has indicated that they plan to make a transfer from the Rainy Day Fund to the Debt Service Fund in order to return this excess.

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

CREDIT CARD CLAIMS

During the audit, five months of credit card statements were reviewed. There were a total of ninety-one transactions on the five credit card statements. The sum total dollar amount charged on the five credit card statements was \$10,073.74. The policy of the school district was to pay the entire credit card bill upon receipt.

After reviewing the claims and making various inquiries, the field examiner did not question the validity of the credit card transactions; however, some transactions did not include supporting documentation or explanations with the claims for payment and needed to be separately confirmed. Some transactions were posted to the wrong fund or account.

There were 15 transactions totaling \$4,633.98 that included supporting documentation but did not include a description of the purpose for the activity. For example, in our test we observed an invoice for four airline tickets but the reason for the trip was not described on the claim or invoice. The field examiner later determined that the trip was taken by two administrators and two teachers to observe a school district that was using a Competency Based Education Model.

There were five transactions totaling \$587.75 that included supporting documentation but the supporting documentation was incomplete. These transactions were five separate invoices for hotel rooms. All the hotel rooms were listed in the name of the Superintendent. The field examiner later determined that the rooms were used by the Superintendent and the four school principals.

DANVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

There were three transactions totaling \$592.83 paid for staff related activities out of the wrong fund or account. For example, in our test we observed end of the year teacher awards such as pens, plaques and marble apples purchased out of the General fund account reserved for executive services. The State Board of Accounts position is that the promotion of school account number 23160 should be used for these types of purchases.

There were two transactions totaling \$171.71 paid off charge slips which were not itemized. Both items were for meal purchases and the audit documentation only included the restaurant's total charge. There was no way to determine what items were included in the cost of the meals.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;"

Indiana Code 20-26-5-4 states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

- (3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

- (A) the purchase of meals, decorations, memorabilia, or awards;"

Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations Chapter 9 states in part:

"The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available."

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.

DANVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

OFFICIAL BOND

The School Corporation Treasurer and the High School Extra-Curricular Account Treasurer were both bonded for the 2011-2012 School Year, but the bonds were not filed in the Office of the County Recorder.

The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder and also with the school board. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

BANK ACCOUNT RECONCILIATIONS – DANVILLE COMMUNITY HIGH SCHOOL

The financial software used by the High School Extra-Curricular Account (ECA) automatically reconciled the bank balance at the beginning of the month to the bank balance at the end of the month. The software also documented clearing transactions and outstanding transactions. The ECA Treasurer used the information provided, along with the bank statements, to insure that all items related to a given month's transactions were recorded; however, actual bank reconciliations, reconciling total bank balances to total fund balances during the audit period were not presented.

The field examiner reconstructed bank reconciliations at June 30, 2011 and June 30, 2012, using the ECA records. These reconstructed reconciliations indicated cash long of \$54.74 at June 30, 2011, and cash short of (\$159.47) at June 30, 2012.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TIMELY DEPOSITS – DANVILLE COMMUNITY HIGH SCHOOL

The Extra-Curricular records indicated that monies were allowed to accumulate to as much as \$32,727 prior to being deposited. It was not uncommon for collections to have been held for six to eight days prior to being deposited.

Indiana Code 20-5-7-4 states in part: ". . . receipts shall be deposited without unreasonable delay."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE DANVILLE COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

Compliance

We have audited Danville Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal program is 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 its major federal program 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 could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

November 9, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

DANVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	3325	\$ 80,321	\$ 96,683
National School Lunch Program	10.555	3325	351,104	380,473
Total for federal grantor agency			431,425	477,156
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010		128,784	19,095
		FY 2011 Basic	-	127,726
		FY 2012 Basic	-	-
Total for cluster			128,784	146,821
Pass-Through MSD Wayne Township				
Special Education Cluster (IDEA)				
Special Education - Grants to States				
	84.027		348,173	76,319
		44410-063-SN01	-	391,286
		14212-063-PN01	-	-
Total for program			348,173	467,605
Special Education - Preschool Grants				
	84.173		13,700	1,281
		45711-063-PN01	-	8,159
		45712-063-PN01	-	-
Total for program			13,700	9,440
ARRA - Special Education Grants to States, Recovery Act				
	84.391	33310-063-SN01	72,020	16,554
ARRA - Special Education-Preschool Grants, Recovery Act				
	84.392	44410-063-SN01	1,642	-
Total for cluster			435,535	493,599
Pass-Through Indiana Department of Education				
Educational Technology State Grants Cluster				
Education Technology State Grants				
	84.318	A58-1-11IT-023	-	114,834
Total for cluster			-	114,834
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	09-3325	-	806
Improving Teacher Quality State Grants				
	84.367		8,013	52,944
		FY 2010 - 3325	-	11,257
		FY 2011 - 3325	-	-
Total for program			8,013	64,201
Total for federal grantor agency			572,332	820,261
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education				
Medicaid Cluster				
Medical Assistance Program				
	93.778	SFY11, SFY12	7,850	14,835
Total federal awards expended			\$ 1,011,607	\$ 1,312,252

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

DANVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Danville Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Indiana Code (IC 5-11-1 et seq.), audits of School Corporation's shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 11,246	\$ 14,879
National School Lunch Program	10.555	49,158	58,554

DANVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition 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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

DANVILLE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

DANVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2012, with Dr. Denis E. Ward, Superintendent of Schools; Kimberly A. Baker, Treasurer; Todd Cloncs, President of the School Board; and Tom Johnson, Assistant Superintendent of Schools.

The contents of this report, specifically the change in the opinion, were discussed on November 21, 2012, with Dr. Denis E. Ward, Superintendent of Schools, and Kimberly A. Baker, Treasurer.