

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

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT REPORT
OF

DELAWARE COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
01/31/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Financial Statements:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	9
Notes to Financial Statements	10-14
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	16-26
Schedule of Long-Term Debt	27
Schedule of Capital Assets.....	29
Audit Results and Comments:	
ECA Receipts	30
ECA Fund Uses	30-31
ECA Deposits	31
ECA Receipt Issuance.....	31
Supplemental Audit of Federal Awards:	
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	34-35
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards.....	39
Schedule of Findings and Questioned Costs	40
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	41
Exit Conference.....	42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris	07-01-10 to 06-30-13
Superintendent of Schools	Steve Hall	07-01-10 to 06-30-13
President of the School Board	Tyce Stebbins Norbert Heban Trent Fox	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DELAWARE COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

We have audited the accompanying financial statement of the Delaware 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 the 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 statements 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.

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.

In accordance with Government Auditing Standards, we have also issued a report dated January 8, 2013, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 statements 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, Schedule of Long-Term Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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

January 8, 2013



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

TO: THE OFFICIALS OF THE DELAWARE COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

We have audited the financial statement of the Delaware Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 8, 2013. 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A 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 internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be 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 STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial 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

January 8, 2013

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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DELAWARE 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	\$ 2,780,969	\$ 15,592,369	\$ 14,749,946	\$ -	\$ 3,623,392	\$ 15,368,987	\$ 15,454,327	\$ 17	\$ 3,538,069
Debt Service	(368,154)	3,212,793	1,602,217	-	1,242,422	1,771,644	1,591,000	(21,207)	1,401,859
Retirement/Severance Bond Debt Service	(148,555)	826,970	635,843	-	42,572	413,363	209,096	-	246,839
Capital Projects	(103,650)	2,812,649	1,703,043	37,946	1,043,902	1,809,799	1,727,963	-	1,125,738
School Transportation	726,282	2,378,650	1,299,297	(200,000)	1,605,635	1,374,727	1,451,128	(171,235)	1,357,999
School Bus Replacement	578,035	245,906	275,900	-	548,041	389,872	607,159	-	330,754
Rainy Day	600,000	-	-	200,000	800,000	-	190,902	200,000	809,098
School Lunch	376,676	1,267,932	1,081,233	-	563,375	1,183,097	1,142,278	-	604,194
Textbook Rental	184,305	283,738	88,201	-	379,842	270,216	471,414	21,207	199,851
Levy Excess	-	28,765	-	-	28,765	-	-	(28,765)	-
Child Care Program	-	3,046	2,975	-	71	140,865	116,316	-	24,620
Educational License Plates	5,025	787	-	-	5,812	563	-	-	6,375
Alternative Ed Grant 10-11	-	6,074	6,074	-	-	-	-	-	-
Alternative Ed Grant 11-12	-	-	-	-	-	6,321	-	-	6,321
SAFE School Haven	-	-	-	-	-	9,312	10,900	-	(1,588)
Cape Lily Community Foundation	4,258	-	4,258	-	-	-	-	-	-
NCISIC Wellness Grant 08-09	196	-	196	-	-	-	-	-	-
NCISIC Wellness Grant 09-10	18,151	-	11,689	-	6,462	-	5,009	-	1,453
NCISIC Wellness Grant 10-11	-	27,500	3,760	-	23,740	-	7,173	-	16,567
NCISIC Wellness Grant 11-12	-	-	-	-	-	26,250	2,950	-	23,300
Cultural Arts	2,761	-	347	-	2,414	-	705	-	1,709
Delcom Memorial Scholarship	1,121	-	-	-	1,121	-	-	-	1,121
Miscellaneous Programs	57	-	43	-	14	-	-	(14)	-
2010 Surplus Reserves Grant	88,875	29,625	118,500	-	-	-	-	-	-
Delta Middle School Art Award	-	500	500	-	-	-	-	-	-
DMS Art Award 11-12	-	-	-	-	-	500	480	-	20
Albany Autism Grant 11-12	-	-	-	-	-	2,000	2,000	-	-
Foundation Startup Fund	-	725	725	-	-	-	-	-	-
School Technology	84,182	27,706	15,771	-	96,117	63,901	40,828	-	119,190
Access Indiana	1,500	-	1,500	-	-	-	-	-	-
East Asian Studies Grant	-	300	-	-	300	-	297	(3)	-
National Energy Foundation	-	-	-	-	-	300	48	-	252
High Ability Grant 10-11	-	36,336	36,336	-	-	-	-	-	-
High Ability Grant 11-12	-	-	-	-	-	35,117	35,117	-	-
Educational Foundation Grant	-	-	-	-	-	572	-	-	572
Title I 09-10	83,888	13,588	56,561	(40,915)	-	-	-	-	-
Title I 10-11	-	165,648	224,581	40,915	(18,018)	81,914	63,896	-	-
Title I 11-12	-	-	-	-	-	210,886	227,433	-	(16,547)
101-476 Grant 09-10	127,263	-	127,263	-	-	-	-	-	-
101-476 Grant 10-11	-	387,689	436,742	-	(49,053)	220,739	171,686	-	-
101-476 Sp Ed Grant 11-12	-	-	-	-	-	362,269	456,875	-	(94,606)
Drug Free Schools	1,743	-	1,743	-	-	-	-	-	-
Title IV Part A 09-10 Safe and Drug Free	-	5,356	5,356	-	-	4,430	4,430	-	-
Projects With Industry	-	20,000	20,000	-	-	-	-	-	-
Pathway/Tech Prep Grant	-	-	-	-	-	23,975	23,975	-	-
Project Lead The Way	-	5,000	-	-	5,000	-	5,000	-	-
Gateway Academy Grant	160	-	160	-	-	-	-	-	-
Gateway Academy 09-10	2,000	-	2,000	-	-	-	-	-	-
Title II Part A Class Reduced	26,269	-	26,269	-	-	-	-	-	-
Title II Part A 10-12	-	42,277	49,929	-	(7,652)	50,371	42,719	-	-
Title II Part A 11-12	-	-	-	-	-	3,207	21,177	-	(17,970)
Title I - School Improvement	21,496	29,798	54,299	-	(3,005)	5,534	2,529	-	-
Special Education - Part B	7,820	192,926	217,058	-	(16,312)	24,322	8,010	-	-
Education Jobs	-	495,819	495,819	-	-	7,324	7,324	-	-
Agency Funds	336	4,770,145	4,571,409	-	199,072	4,146,366	4,138,006	-	207,432
Totals	\$ 5,103,009	\$ 32,910,617	\$ 27,927,543	\$ 37,946	\$ 10,124,029	\$ 28,008,743	\$ 28,240,150	\$ -	\$ 9,892,622

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

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

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 may 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.

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, riverboat distributions, 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.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(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, revenue in lieu of taxes, 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.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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 may 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.

Non-instructional 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.

Non-programmed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 may include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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.

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.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. 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

DELAWARE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Funding Policy and Annual Pension Cost

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

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. Restatement

For the year ended June 30, 2009, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect the financial activity of the School Corporation. The following schedule presents a summary of the restated beginning balance.

Fund Name	Balance as of June 30, 2009	Prior Period Adjustment	Balance as of July 1, 2010
Agency Funds	\$ -	\$ 336	\$ 336

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports 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 statements 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.

DELAWARE 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	School Lunch
Cash and investments - beginning	\$ 2,780,969	\$ (368,154)	\$ (148,555)	\$ (103,650)	\$ 726,282	\$ 578,035	\$ 600,000	\$ 376,676
Receipts:								
Local sources	147,720	3,193,749	826,970	2,799,985	2,369,798	245,906	-	626,277
Intermediate sources	243	-	-	-	-	-	-	-
State sources	15,436,043	19,044	-	-	-	-	-	-
Federal sources	2,151	-	-	-	-	-	-	636,150
Other	6,212	-	-	12,664	8,852	-	-	5,505
Total receipts	<u>15,592,369</u>	<u>3,212,793</u>	<u>826,970</u>	<u>2,812,649</u>	<u>2,378,650</u>	<u>245,906</u>	<u>-</u>	<u>1,267,932</u>
Disbursements:								
Current:								
Instruction	10,150,321	-	-	-	-	-	-	-
Support services	4,324,052	-	-	814,018	1,299,297	275,900	-	1,516
Noninstructional services	273,834	-	-	-	-	-	-	1,005,445
Facilities acquisition and construction	1,739	-	-	889,025	-	-	-	74,272
Debt services	-	1,602,217	635,843	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,749,946</u>	<u>1,602,217</u>	<u>635,843</u>	<u>1,703,043</u>	<u>1,299,297</u>	<u>275,900</u>	<u>-</u>	<u>1,081,233</u>
Excess (deficiency) of receipts over disbursements	<u>842,423</u>	<u>1,610,576</u>	<u>191,127</u>	<u>1,109,606</u>	<u>1,079,353</u>	<u>(29,994)</u>	<u>-</u>	<u>186,699</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	37,946	-	-	-	-
Transfers in	-	-	-	-	-	-	200,000	-
Transfers out	-	-	-	-	(200,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,946</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>842,423</u>	<u>1,610,576</u>	<u>191,127</u>	<u>1,147,552</u>	<u>879,353</u>	<u>(29,994)</u>	<u>200,000</u>	<u>186,699</u>
Cash and investments - ending	<u>\$ 3,623,392</u>	<u>\$ 1,242,422</u>	<u>\$ 42,572</u>	<u>\$ 1,043,902</u>	<u>\$ 1,605,635</u>	<u>\$ 548,041</u>	<u>\$ 800,000</u>	<u>\$ 563,375</u>

DELAWARE 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	Levy Excess	Child Care Program	Educational License Plates	Alternative Ed Grant 10-11	Cape Lily Community Foundation	NCISIC Wellness Grant 08-09	NCISIC Wellness Grant 09-10
Cash and investments - beginning	\$ 184,305	\$ -	\$ -	\$ 5,025	\$ -	\$ 4,258	\$ 196	\$ 18,151
Receipts:								
Local sources	193,912	28,765	-	-	-	-	-	-
Intermediate sources	-	-	-	787	-	-	-	-
State sources	89,826	-	3,046	-	6,074	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>283,738</u>	<u>28,765</u>	<u>3,046</u>	<u>787</u>	<u>6,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	6,074	4,258	-	-
Support services	88,201	-	-	-	-	-	-	-
Noninstructional services	-	-	2,975	-	-	-	196	11,689
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>88,201</u>	<u>-</u>	<u>2,975</u>	<u>-</u>	<u>6,074</u>	<u>4,258</u>	<u>196</u>	<u>11,689</u>
Excess (deficiency) of receipts over disbursements	<u>195,537</u>	<u>28,765</u>	<u>71</u>	<u>787</u>	<u>-</u>	<u>(4,258)</u>	<u>(196)</u>	<u>(11,689)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>195,537</u>	<u>28,765</u>	<u>71</u>	<u>787</u>	<u>-</u>	<u>(4,258)</u>	<u>(196)</u>	<u>(11,689)</u>
Cash and investments - ending	<u>\$ 379,842</u>	<u>\$ 28,765</u>	<u>\$ 71</u>	<u>\$ 5,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,462</u>

DELAWARE 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)

	NCISIC Wellness Grant 10-11	Cultural Arts	Delcom Memorial Scholarship	Miscellaneous Programs	2010 Surplus Reserves Grant	Delta Middle School Art Award	Foundation Startup Fund
Cash and investments - beginning	\$ -	\$ 2,761	\$ 1,121	\$ 57	\$ 88,875	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	29,625	500	725
Intermediate sources	27,500	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,625</u>	<u>500</u>	<u>725</u>
Disbursements:							
Current:							
Instruction	-	347	-	-	-	500	-
Support services	-	-	-	-	118,500	-	-
Noninstructional services	3,760	-	-	43	-	-	725
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>3,760</u>	<u>347</u>	<u>-</u>	<u>43</u>	<u>118,500</u>	<u>500</u>	<u>725</u>
Excess (deficiency) of receipts over disbursements	<u>23,740</u>	<u>(347)</u>	<u>-</u>	<u>(43)</u>	<u>(88,875)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>23,740</u>	<u>(347)</u>	<u>-</u>	<u>(43)</u>	<u>(88,875)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 23,740</u>	<u>\$ 2,414</u>	<u>\$ 1,121</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DELAWARE 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	Access Indiana	East Asian Studies Grant	High Ability Grant 10-11	Title I 09-10	Title I 10-11	101-476 Grant 09-10
Cash and investments - beginning	\$ 84,182	\$ 1,500	\$ -	\$ -	\$ 83,888	\$ -	\$ 127,263
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	300	-	-	-	-
State sources	7,708	-	-	36,336	-	-	-
Federal sources	19,998	-	-	-	13,588	165,648	-
Other	-	-	-	-	-	-	-
Total receipts	<u>27,706</u>	<u>-</u>	<u>300</u>	<u>36,336</u>	<u>13,588</u>	<u>165,648</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	36,336	56,561	224,581	121,518
Support services	14,882	1,500	-	-	-	-	5,745
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	889	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>15,771</u>	<u>1,500</u>	<u>-</u>	<u>36,336</u>	<u>56,561</u>	<u>224,581</u>	<u>127,263</u>
Excess (deficiency) of receipts over disbursements	<u>11,935</u>	<u>(1,500)</u>	<u>300</u>	<u>-</u>	<u>(42,973)</u>	<u>(58,933)</u>	<u>(127,263)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	40,915	-
Transfers out	-	-	-	-	(40,915)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,915)</u>	<u>40,915</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,935</u>	<u>(1,500)</u>	<u>300</u>	<u>-</u>	<u>(83,888)</u>	<u>(18,018)</u>	<u>(127,263)</u>
Cash and investments - ending	<u>\$ 96,117</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,018)</u>	<u>\$ -</u>

DELAWARE 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)

	101-476 Grant 10-11	Drug Free Schools	Title IV Part A 09-10 Safe and Drug Free	Projects With Industry	Project Lead The Way	Gateway Academy Grant	Gateway Academy 09-10
Cash and investments - beginning	\$ -	\$ 1,743	\$ -	\$ -	\$ -	\$ 160	\$ 2,000
Receipts:							
Local sources	-	-	-	-	5,000	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	387,689	-	5,356	20,000	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>387,689</u>	<u>-</u>	<u>5,356</u>	<u>20,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	420,267	-	-	20,000	-	160	2,000
Support services	16,475	1,743	5,356	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>436,742</u>	<u>1,743</u>	<u>5,356</u>	<u>20,000</u>	<u>-</u>	<u>160</u>	<u>2,000</u>
Excess (deficiency) of receipts over disbursements	<u>(49,053)</u>	<u>(1,743)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(160)</u>	<u>(2,000)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>(49,053)</u>	<u>(1,743)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(160)</u>	<u>(2,000)</u>
Cash and investments - ending	<u>\$ (49,053)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>

DELAWARE 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)

	Title II Part A Class Reduced	Title II Part A 10-12	Title I - School Improvement	Special Education - Part B	Education Jobs	Agency Funds	Totals
Cash and investments - beginning	\$ 26,269	\$ -	\$ 21,496	\$ 7,820	\$ -	\$ 336	\$ 5,103,009
Receipts:							
Local sources	-	-	-	-	-	-	10,468,932
Intermediate sources	-	-	-	-	-	-	28,830
State sources	-	-	-	-	-	-	15,598,077
Federal sources	-	42,277	29,798	192,926	495,819	-	2,011,400
Other	-	-	-	-	-	4,770,145	4,803,378
Total receipts	<u>-</u>	<u>42,277</u>	<u>29,798</u>	<u>192,926</u>	<u>495,819</u>	<u>4,770,145</u>	<u>32,910,617</u>
Disbursements:							
Current:							
Instruction	26,269	47,150	54,299	163,052	495,819	-	11,829,512
Support services	-	2,779	-	54,006	-	-	7,023,970
Noninstructional services	-	-	-	-	-	-	1,298,667
Facilities acquisition and construction	-	-	-	-	-	-	965,925
Debt services	-	-	-	-	-	-	2,238,060
Nonprogrammed charges	-	-	-	-	-	4,571,409	4,571,409
Total disbursements	<u>26,269</u>	<u>49,929</u>	<u>54,299</u>	<u>217,058</u>	<u>495,819</u>	<u>4,571,409</u>	<u>27,927,543</u>
Excess (deficiency) of receipts over disbursements	<u>(26,269)</u>	<u>(7,652)</u>	<u>(24,501)</u>	<u>(24,132)</u>	<u>-</u>	<u>198,736</u>	<u>4,983,074</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	37,946
Transfers in	-	-	-	-	-	-	240,915
Transfers out	-	-	-	-	-	-	(240,915)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,946</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(26,269)</u>	<u>(7,652)</u>	<u>(24,501)</u>	<u>(24,132)</u>	<u>-</u>	<u>198,736</u>	<u>5,021,020</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (7,652)</u>	<u>\$ (3,005)</u>	<u>\$ (16,312)</u>	<u>\$ -</u>	<u>\$ 199,072</u>	<u>\$ 10,124,029</u>

DELAWARE 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	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,623,392	\$ 1,242,422	\$ 42,572	\$ 1,043,902	\$ 1,605,635	\$ 548,041	\$ 800,000	\$ 563,375	\$ 379,842
Receipts:									
Local sources	148,283	1,771,644	413,363	1,809,799	1,374,727	389,872	-	595,324	179,416
Intermediate sources	122	-	-	-	-	-	-	-	-
State sources	15,217,845	-	-	-	-	-	-	-	80,800
Federal sources	2,489	-	-	-	-	-	-	585,288	-
Other	248	-	-	-	-	-	-	2,485	10,000
Total receipts	<u>15,368,987</u>	<u>1,771,644</u>	<u>413,363</u>	<u>1,809,799</u>	<u>1,374,727</u>	<u>389,872</u>	<u>-</u>	<u>1,183,097</u>	<u>270,216</u>
Disbursements:									
Current:									
Instruction	10,904,949	-	-	-	-	-	-	-	-
Support services	4,270,353	-	-	931,137	1,451,128	607,159	-	1,443	470,115
Noninstructional services	276,983	-	-	-	-	-	-	1,069,477	-
Facilities acquisition and construction	2,042	-	-	796,826	-	-	190,902	71,358	-
Debt services	-	1,591,000	209,096	-	-	-	-	-	1,299
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>15,454,327</u>	<u>1,591,000</u>	<u>209,096</u>	<u>1,727,963</u>	<u>1,451,128</u>	<u>607,159</u>	<u>190,902</u>	<u>1,142,278</u>	<u>471,414</u>
Excess (deficiency) of receipts over disbursements	<u>(85,340)</u>	<u>180,644</u>	<u>204,267</u>	<u>81,836</u>	<u>(76,401)</u>	<u>(217,287)</u>	<u>(190,902)</u>	<u>40,819</u>	<u>(201,198)</u>
Other financing sources (uses):									
Transfers in	17	-	-	-	28,765	-	200,000	-	21,207
Transfers out	-	(21,207)	-	-	(200,000)	-	-	-	-
Total other financing sources (uses)	<u>17</u>	<u>(21,207)</u>	<u>-</u>	<u>-</u>	<u>(171,235)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>21,207</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(85,323)</u>	<u>159,437</u>	<u>204,267</u>	<u>81,836</u>	<u>(247,636)</u>	<u>(217,287)</u>	<u>9,098</u>	<u>40,819</u>	<u>(179,991)</u>
Cash and investments - ending	<u>\$ 3,538,069</u>	<u>\$ 1,401,859</u>	<u>\$ 246,839</u>	<u>\$ 1,125,738</u>	<u>\$ 1,357,999</u>	<u>\$ 330,754</u>	<u>\$ 809,098</u>	<u>\$ 604,194</u>	<u>\$ 199,851</u>

DELAWARE 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)

	Levy Excess	Child Care Program	Educational License Plates	Alternative Ed Grant 11-12	SAFE School Haven	NCISIC Wellness Grant 09-10	NCISIC Wellness Grant 10-11	NCISIC Wellness Grant 11-12
Cash and investments - beginning	\$ 28,765	\$ 71	\$ 5,812	\$ -	\$ -	\$ 6,462	\$ 23,740	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	563	-	-	-	-	26,250
State sources	-	139,216	-	6,321	9,312	-	-	-
Federal sources	-	1,597	-	-	-	-	-	-
Other	-	52	-	-	-	-	-	-
Total receipts	-	140,865	563	6,321	9,312	-	-	26,250
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	50	-	-	10,900	-	-	-
Noninstructional services	-	116,266	-	-	-	5,009	7,173	2,950
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	116,316	-	-	10,900	5,009	7,173	2,950
Excess (deficiency) of receipts over disbursements	-	24,549	563	6,321	(1,588)	(5,009)	(7,173)	23,300
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(28,765)	-	-	-	-	-	-	-
Total other financing sources (uses)	(28,765)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,765)	24,549	563	6,321	(1,588)	(5,009)	(7,173)	23,300
Cash and investments - ending	\$ -	\$ 24,620	\$ 6,375	\$ 6,321	\$ (1,588)	\$ 1,453	\$ 16,567	\$ 23,300

DELAWARE 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)

	Cultural Arts	Delcom Memorial Scholarship	Miscellaneous Programs	DMS Art Award 11-12	Albany Autism Grant 11-12	School Technology	East Asian Studies Grant	National Energy Foundation
Cash and investments - beginning	\$ 2,414	\$ 1,121	\$ 14	\$ -	\$ -	\$ 96,117	\$ 300	\$ -
Receipts:								
Local sources	-	-	-	500	2,000	-	-	300
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	63,901	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>2,000</u>	<u>63,901</u>	<u>-</u>	<u>300</u>
Disbursements:								
Current:								
Instruction	530	-	-	480	-	-	-	48
Support services	-	-	-	-	-	2,066	297	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	175	-	-	-	2,000	38,762	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>705</u>	<u>-</u>	<u>-</u>	<u>480</u>	<u>2,000</u>	<u>40,828</u>	<u>297</u>	<u>48</u>
Excess (deficiency) of receipts over disbursements	<u>(705)</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>23,073</u>	<u>(297)</u>	<u>252</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(14)	-	-	-	(3)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(705)</u>	<u>-</u>	<u>(14)</u>	<u>20</u>	<u>-</u>	<u>23,073</u>	<u>(300)</u>	<u>252</u>
Cash and investments - ending	<u>\$ 1,709</u>	<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 119,190</u>	<u>\$ -</u>	<u>\$ 252</u>

DELAWARE 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)

	High Ability Grant 11-12	Educational Foundation Grant	Title I 10-11	Title I 11-12	101-476 Grant 10-11	101-476 Sp Ed Grant 11-12	Title IV Part A 09-10 Safe and Drug Free	Pathway/ Tech Prep Grant
Cash and investments - beginning	\$ -	\$ -	\$ (18,018)	\$ -	\$ (49,053)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	572	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	35,117	-	-	-	-	-	-	23,975
Federal sources	-	-	81,914	210,886	220,739	362,269	4,430	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>35,117</u>	<u>572</u>	<u>81,914</u>	<u>210,886</u>	<u>220,739</u>	<u>362,269</u>	<u>4,430</u>	<u>23,975</u>
Disbursements:								
Current:								
Instruction	35,117	-	63,896	227,433	163,442	456,875	-	23,975
Support services	-	-	-	-	8,244	-	4,430	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>35,117</u>	<u>-</u>	<u>63,896</u>	<u>227,433</u>	<u>171,686</u>	<u>456,875</u>	<u>4,430</u>	<u>23,975</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>572</u>	<u>18,018</u>	<u>(16,547)</u>	<u>49,053</u>	<u>(94,606)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>-</u>	<u>572</u>	<u>18,018</u>	<u>(16,547)</u>	<u>49,053</u>	<u>(94,606)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 572</u>	<u>\$ -</u>	<u>\$ (16,547)</u>	<u>\$ -</u>	<u>\$ (94,606)</u>	<u>\$ -</u>	<u>\$ -</u>

DELAWARE 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)

	Project Lead The Way	Title II Part A 10-12	Title II Part A 11-12	Title I - School Improvement	Special Education - Part B	Education Jobs	Agency Funds	Totals
Cash and investments - beginning	\$ 5,000	\$ (7,652)	\$ -	\$ (3,005)	\$ (16,312)	\$ -	\$ 199,072	\$ 10,124,029
Receipts:								
Local sources	-	-	-	-	-	-	-	6,685,800
Intermediate sources	-	-	-	-	-	-	-	26,935
State sources	-	-	-	-	-	-	-	15,576,487
Federal sources	-	50,371	3,207	5,534	24,322	7,324	-	1,560,370
Other	-	-	-	-	-	-	4,146,366	4,159,151
Total receipts	-	50,371	3,207	5,534	24,322	7,324	4,146,366	28,008,743
Disbursements:								
Current:								
Instruction	-	42,719	-	2,529	7,117	7,324	-	11,936,434
Support services	-	-	21,177	-	893	-	-	7,779,392
Noninstructional services	-	-	-	-	-	-	-	1,477,858
Facilities acquisition and construction	5,000	-	-	-	-	-	-	1,107,065
Debt services	-	-	-	-	-	-	-	1,801,395
Nonprogrammed charges	-	-	-	-	-	-	4,138,006	4,138,006
Total disbursements	5,000	42,719	21,177	2,529	8,010	7,324	4,138,006	28,240,150
Excess (deficiency) of receipts over disbursements	(5,000)	7,652	(17,970)	3,005	16,312	-	8,360	(231,407)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	249,989
Transfers out	-	-	-	-	-	-	-	(249,989)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,000)	7,652	(17,970)	3,005	16,312	-	8,360	(231,407)
Cash and investments - ending	\$ -	\$ -	\$ (17,970)	\$ -	\$ -	\$ -	\$ 207,432	\$ 9,892,622

DELAWARE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2012

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:		
Albany, Royerton, DeSoto and Delta High School renovations	\$ 4,335,000	\$ 1,567,750
Delta Middle School renovations	1,179,522	221,610
Albany, Royerton and Delta High School renovations	6,475,000	225,366
Bonds payable:		
General obligation bonds:		
Pension/Severance Buyout	<u>3,860,000</u>	<u>420,973</u>
Total governmental activities debt	<u>\$ 15,849,522</u>	<u>\$ 2,435,699</u>

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DELAWARE-COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2012

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	\$ 181,000
Buildings	34,485,740
Machinery and equipment	<u>9,208,484</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 43,875,224</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ECA RECEIPTS (Applies to Albany Elementary School)

The following items were noted during a review of receipts:

1. Form SA-3, Receipt, was not issued at the time monies were collected.
2. Deposit tickets were not retained for audit.
3. As noted in prior Report B38410 and during the current audit period, some Form TBR-2s, Official Receipt - Individual Textbook Rental List, were written for amounts which could not be verified to bank deposits.
4. Form SA-3, Receipt, did not always indicate the amount of checks and cash if a combination of both was received.
5. Forms SA-8s, Summary Collection Form, were not remitted for audit.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA FUND USES (Applies to Albany Elementary)

Funds were disbursed from Student Activity Fund for a retirement luncheon, a cake for National Nurse's Day and headphones for the computer lab.

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

Inquiries have questioned the use of a general fund or student activity fund for educational expenditures (copy machines, computers, educational materials, supplies, etc.) which would normally be from school corporation funds. The State Board of Accounts' audit position is as stated above. However, we will not take audit exception to a school having disbursements from an extra-curricular "general fund" or "student activity fund" for authorized school corporation type expenditures, such as equipment, supplies, etc., with the following conditions:

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

1. A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
2. Providing there are no objections from a majority of an applicable student body to these types of expenditures.
3. Equipment purchases would still require separate approval from the local school board.

Since alternatives exist for funding educational expenditures (i.e., taxes, authorized investment income expenditures, etc.) and other alternatives for the use of a general fund are available (i.e., reducing the cost of items to students and/or parents), we must emphasize the adoption of the aforementioned would be a public policy decision for which the local board of school trustees must accept any and all responsibility. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

ECA DEPOSITS (Applies to Eaton Elementary)

A TBR-2, Official Receipt - Individual Textbook Rental List, dated August 2, 2011, was not deposited until August 18, 2011. The deposit totaled \$3,088.50.

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

ECA RECEIPT ISSUANCE (Applies to Eaton Elementary)

As noted in prior Report B38410 and during the current audit period, receipts were not always issued or recorded at the time of collection. A test of the March 2012 receipts indicated the SA-8s were dated up to ten days prior to the date of the prescribed receipt, Form SA-3. In addition, collections for the sale of t-shirts by the Extra-Curricular Treasurer were accumulated and a receipt was issued at a later date for the total amount collected.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS 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 DELAWARE COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

Compliance

We have audited the Delaware 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 each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs 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

January 8, 2013

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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.

DELAWARE 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 Number	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	FY 10-11 FY 11-12	\$ 119,146 -	\$ - 116,596
National School Lunch Program	10.555	FY 10-11 FY 11-12	491,258 -	- 530,482
Summer Food Service Program for Children	10.559	FY 10-11 FY 11-12	8,245 -	- <u>23,924</u>
Total for federal grantor agency			<u>618,649</u>	<u>671,002</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	10-1875 11-1875 12-1875	56,561 206,563 -	- 81,914 210,886
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-1875	<u>44,074</u>	<u>12,753</u>
Total for cluster			<u>307,198</u>	<u>305,553</u>
Pass-Through Muncie Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027	FY 2009 FY 2010 FY 2012	127,263 387,689 -	- 220,739 362,268
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-010-SN0	<u>200,745</u>	<u>24,321</u>
Total for cluster			<u>715,697</u>	<u>607,328</u>
Career and Technical Education - Basic Grants to States				
	84.048	FY 2012	-	<u>23,975</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
	84.186	08-1875 09-1875	1,743 <u>5,356</u>	- <u>4,430</u>
Total for program			<u>7,099</u>	<u>4,430</u>
Projects with Industry	84.234	10-1875	<u>20,000</u>	-
Improving Teacher Quality State Grants	84.367	09-1875 10-1875 11-1875	26,269 42,277 -	- 50,371 <u>3,207</u>
Total for Program			<u>68,546</u>	<u>53,578</u>
Education Jobs Fund	84.410	10-1875	<u>495,819</u>	<u>7,324</u>
Total federal awards expended			<u>\$ 2,233,008</u>	<u>\$ 1,673,190</u>

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

DELAWARE 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 Delaware 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 Corporations 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	2010-2011	2011-2012
School Breakfast Program	10.553	\$ 15,059	\$ 17,137
National School Lunch Program	10.555	63,455	81,061

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Title I, Part A Cluster Special Education Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

OFFICE OF SUPERINTENDENT
DELAWARE COMMUNITY SCHOOL CORPORATION

7821 State Road 3 North

Muncie, IN 47303

Phone: 765-284-5074

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Board of Education

Norb Heban, President

Trent Fox, Vice-President

John Adams, Secretary

Lorraine Tomlin, Member

Tyce Stebbins, Member

Steven R. Hall, Superintendent

Darin K. Gullion, Assistant Superintendent

November 15, 2012

Summary Schedule of Prior Audit Findings

Original SBA Audit Report #

Fiscal Year 2008-2010

Auditee Contact Person Darin Gullion

Title of Contact Person Assistant Superintendent

Phone Number of Contact Person 765-284-5074

Status of Federal Findings

Finding 2010-2 – Title I – Cash Management

- **Issue has been corrected; federal funds are now reimbursed.**

Finding 2010-3 Special Education Cluster -- Cash Management

- **Issue has been corrected; federal funds are now reimbursed.**

Darin K Gullion
11-15-12

DELAWARE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2013, with Tarinna Morris, Treasurer; Darin Gullion, Assistant Superintendent of Schools; Steve Hall, Superintendent of Schools; and Trent Fox, President of the School Board. The officials concurred with our audit findings.