

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DUNELAND SCHOOL CORPORATION
PORTER COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/05/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bonita K. Gaston	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Dirk E. Baer	07-01-10 to 06-30-13
President of the School Board	Michael Trout Janice M. Custer	07-01-10 to 12-31-10 01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DUNELAND SCHOOL CORPORATION, PORTER COUNTY, INDIANA

We have audited the accompanying financial statement of the Duneland 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.

In accordance with Government Auditing Standards, we have also issued a report dated November 21, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 and Schedule of Long-Term Debt, 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

November 21, 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 DUNELAND SCHOOL CORPORATION, PORTER COUNTY, INDIANA

We have audited the financial statement of the Duneland School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated November 21, 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 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 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 21, 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.

DUNELAND 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		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 1,738,454	\$ 34,434,600	\$ 34,330,428	\$ 371,178	\$ 2,213,804	\$ 33,893,892	\$ 35,666,725	\$ 6,226	\$ 447,197	
Debt Service	4,650,353	8,843,590	8,822,746	-	4,671,197	9,051,238	9,099,502	-	4,622,933	
Retirement/Severance Bond Debt Service	193,228	1,912,698	1,368,650	(47,443)	689,833	1,830,982	1,599,279	-	921,536	
Capital Projects	6,099,441	7,446,816	9,357,729	500	4,189,028	7,347,875	8,291,751	-	3,245,152	
School Transportation	3,382,362	3,692,743	3,265,212	(412,470)	3,397,423	3,841,403	3,391,973	(1,065,014)	2,781,839	
School Bus Replacement	398,632	620,812	631,434	-	388,010	653,133	509,341	-	531,802	
Rainy Day	4,335,967	-	335,688	47,443	4,047,722	-	772,214	1,000,000	4,275,508	
Retirement/Severance Bond	2,442,496	5,250	910,883	-	1,536,863	2,564	123,415	-	1,416,012	
Construction	2,453,869	7,453	2,157,747	-	303,575	-	93,441	-	210,134	
School Lunch	220,652	2,490,758	2,324,751	-	386,659	2,537,067	2,388,698	-	535,028	
Textbook Rental	557,406	652,465	319,349	-	890,522	761,416	1,422,057	65,014	294,895	
Self-Insurance	4,555,173	6,563,758	6,638,727	-	4,480,204	6,249,504	5,799,752	-	4,929,956	
Levy Excess	-	134,108	-	-	134,108	-	-	-	134,108	
Alternative Education	45,105	24,400	81	-	69,424	7,754	-	-	77,178	
Early Intervention Grant	-	-	-	-	-	9,890	9,490	-	400	
Guidance Grant	334	-	-	-	334	-	-	-	334	
Extra-Curricular Activities	19,146	29,216	36,336	-	12,026	27,745	2,610	-	37,161	
Scholarships and Awards	6,171	372	-	-	6,543	326	1,000	-	5,869	
BP Grant	38	-	-	-	38	-	-	-	38	
Guaranteed Energy	4,929,605	-	5,781,605	852,000	-	-	-	-	-	
Miscellaneous Programs	(43,221)	60,362	91,006	44,460	(29,405)	119,987	95,225	-	(4,643)	
Indiana Next 2002-2003	128	-	-	-	128	-	-	-	128	
Porter Calendar	2,945	3,535	2,945	-	3,535	-	3,535	-	-	
Indiana Next 2001-2002	743	-	-	-	743	-	-	-	743	
NSTA Grant	821	-	-	-	821	-	-	-	821	
Friends of Duneland	-	110,000	-	-	110,000	5,000	115,000	-	-	

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

DUNELAND 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
(Continued)

	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
Roof Settlement	649,239	-	-	-	649,239	-	-	-	649,239
Non-English Speaking Programs P.L. 273-1999	5,850	9,474	15,324	-	-	7,047	6,376	-	671
School Technology	-	9,042	6,782	-	2,260	8,220	8,426	-	2,054
Intelenet Refund	11,869	-	-	-	11,869	-	-	-	11,869
Jackson Class	1,000	-	-	(1,000)	-	-	-	-	-
Title I 2010-2011	150,151	470,450	542,729	-	77,872	11,499	89,371	-	-
Title I 2011-2012	-	-	-	-	-	374,842	385,727	-	(10,885)
Title V	568	-	-	-	568	-	-	-	568
Title VI	914	-	-	-	914	-	-	-	914
Serve America	1,137	-	-	-	1,137	-	-	-	1,137
Drug Free Schools	-	13,254	53,254	40,000	-	-	-	-	-
Anti Drug Abuse 2010	1,450	-	-	-	1,450	-	-	-	1,450
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	791	-	-	-	791	-	-	-	791
2010 General Obligation Refund	2,117	-	1,294	-	823	-	-	-	823
Eisenhower Title II	1,921	-	-	-	1,921	-	-	-	1,921
Improving Teaching Quality, No Child Left, Title II, Part A	244,611	51,193	255,804	(40,000)	-	-	-	-	-
Title I - Grants to LEAs	61,297	86,076	122,949	-	24,424	33,920	64,047	-	(5,703)
Special Education - Part B	(28,702)	152,430	141,058	-	(17,330)	119,560	102,230	-	-
Payroll Clearing	607,993	7,766,218	7,903,077	-	471,134	7,711,586	7,796,399	-	386,321
Education Jobs	-	1,081,376	1,081,376	-	-	-	15,974	-	(15,974)
Totals	\$ 37,702,054	\$ 76,672,449	\$ 86,498,964	\$ 854,668	\$ 28,730,207	\$ 74,606,450	\$ 77,853,558	\$ 6,226	\$ 25,489,325

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

DUNELAND 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 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.

DUNELAND 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, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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.

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 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.

DUNELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

DUNELAND 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 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

Funding Policy and Annual Pension Cost

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

DUNELAND 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.

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 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.

DUNELAND 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	\$ 1,738,454	\$ 4,650,353	\$ 193,228	\$ 6,099,441	\$ 3,382,362	\$ 398,632	\$ 4,335,967	\$ 2,442,496	\$ 2,453,869	\$ 220,652
Receipts:										
Local sources	1,070,896	8,843,590	1,912,698	7,373,939	3,669,550	620,812	-	5,250	-	1,640,855
State sources	33,363,704	-	-	-	-	-	-	-	-	32,206
Federal sources	-	-	-	-	-	-	-	-	-	817,397
Other	-	-	-	72,877	23,193	-	-	-	7,453	300
Total receipts	34,434,600	8,843,590	1,912,698	7,446,816	3,692,743	620,812	-	5,250	7,453	2,490,758
Disbursements:										
Current:										
Instruction	22,577,917	-	-	-	-	-	-	557,101	-	-
Support services	11,200,523	-	-	3,433,040	3,265,212	631,434	-	353,782	-	-
Noninstructional services	551,988	-	-	-	-	-	-	-	-	2,324,751
Facilities acquisition and construction	-	-	-	5,924,689	-	-	335,688	-	2,157,747	-
Debt services	-	8,822,746	1,368,650	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	34,330,428	8,822,746	1,368,650	9,357,729	3,265,212	631,434	335,688	910,883	2,157,747	2,324,751
Excess (deficiency) of receipts over disbursements	104,172	20,844	544,048	(1,910,913)	427,531	(10,622)	(335,688)	(905,633)	(2,150,294)	166,007
Other financing sources (uses)										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	1,568	-	-	500	600	-	-	-	-	-
Transfers in	369,610	-	-	-	-	-	47,443	-	-	-
Transfers out	-	-	(47,443)	-	(413,070)	-	-	-	-	-
Total other financing sources (uses)	371,178	-	(47,443)	500	(412,470)	-	47,443	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	475,350	20,844	496,605	(1,910,413)	15,061	(10,622)	(288,245)	(905,633)	(2,150,294)	166,007
Cash and investments - ending	\$ 2,213,804	\$ 4,671,197	\$ 689,833	\$ 4,189,028	\$ 3,397,423	\$ 388,010	\$ 4,047,722	\$ 1,536,863	\$ 303,575	\$ 386,659

DUNELAND 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	Self- Insurance	Levy Excess	Alternative Education	Early Intervention Grant	Guidance Grant	Extra- Curricular Activities	Scholarships and Awards	BP Grant	Guaranteed Energy
Cash and investments - beginning	\$ 557,406	\$ 4,555,173	\$ -	\$ 45,105	\$ -	\$ 334	\$ 19,146	\$ 6,171	\$ 38	\$ 4,929,605
Receipts:										
Local sources	541,979	6,563,758	-	-	-	-	29,216	372	-	-
State sources	110,486	-	-	24,400	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	134,108	-	-	-	-	-	-	-
Total receipts	652,465	6,563,758	134,108	24,400	-	-	29,216	372	-	-
Disbursements:										
Current:										
Instruction	-	-	-	81	-	-	36,336	-	-	-
Support services	319,349	39,305	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	5,781,605
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	6,599,422	-	-	-	-	-	-	-	-
Total disbursements	319,349	6,638,727	-	81	-	-	36,336	-	-	5,781,605
Excess (deficiency) of receipts over disbursements	333,116	(74,969)	134,108	24,319	-	-	(7,120)	372	-	(5,781,605)
Other financing sources (uses)										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	852,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	852,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	333,116	(74,969)	134,108	24,319	-	-	(7,120)	372	-	(4,929,605)
Cash and investments - ending	\$ 890,522	\$ 4,480,204	\$ 134,108	\$ 69,424	\$ -	\$ 334	\$ 12,026	\$ 6,543	\$ 38	\$ -

DUNELAND 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)

	Miscellaneous Programs	Indiana Next 2002-2003	Porter Calendar	Indiana Next 2001-2002	NSTA Grant	Friends of Duneland	Roof Settlement	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ (43,221)	\$ 128	\$ 2,945	\$ 743	\$ 821	\$ -	\$ 649,239	\$ 5,850	\$ -
Receipts:									
Local sources	60,362	-	3,535	-	-	110,000	-	-	-
State sources	-	-	-	-	-	-	-	9,474	9,042
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	60,362	-	3,535	-	-	110,000	-	9,474	9,042
Disbursements:									
Current:									
Instruction	91,006	-	2,945	-	-	-	-	15,324	-
Support services	-	-	-	-	-	-	-	-	6,782
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	91,006	-	2,945	-	-	-	-	15,324	6,782
Excess (deficiency) of receipts over disbursements	(30,644)	-	590	-	-	110,000	-	(5,850)	2,260
Other financing sources (uses)									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	44,460	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	44,460	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,816	-	590	-	-	110,000	-	(5,850)	2,260
Cash and investments - ending	\$ (29,405)	\$ 128	\$ 3,535	\$ 743	\$ 821	\$ 110,000	\$ 649,239	\$ -	\$ 2,260

DUNELAND 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)

	Intelenet Refund	Jackson Class	Title I 2010-2011	Title I 2011-2012	Title V	Title VI	Serve America	Drug Free Schools	Anti Drug Abuse 2010
Cash and investments - beginning	\$ 11,869	\$ 1,000	\$ 150,151	\$ -	\$ 568	\$ 914	\$ 1,137	\$ -	\$ 1,450
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	470,450	-	-	-	-	13,254	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	470,450	-	-	-	-	13,254	-
Disbursements:									
Current:									
Instruction	-	-	513,969	-	-	-	-	53,254	-
Support services	-	-	20,735	-	-	-	-	-	-
Noninstructional services	-	-	4,562	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,463	-	-	-	-	-	-
Total disbursements	-	-	542,729	-	-	-	-	53,254	-
Excess (deficiency) of receipts over disbursements	-	-	(72,279)	-	-	-	-	(40,000)	-
Other financing sources (uses)									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	40,000	-
Transfers out	-	(1,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(1,000)	-	-	-	-	-	40,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,000)	(72,279)	-	-	-	-	-	-
Cash and investments - ending	\$ 11,869	\$ -	\$ 77,872	\$ -	\$ 568	\$ 914	\$ 1,137	\$ -	\$ 1,450

DUNELAND 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- Dwight D. Eisenhower- Science and Math Technology Grants	2,010 General Obligation Refund	Eisenhower Title II	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Special Education - Part B	Payroll Clearing	Education Jobs	Totals
Cash and investments - beginning	\$ 791	\$ 2,117	\$ 1,921	\$ 244,611	\$ 61,297	\$ (28,702)	\$ 607,993	\$ -	\$ 37,702,054
Receipts:									
Local sources	-	-	-	-	-	-	-	-	32,446,812
State sources	-	-	-	-	-	-	-	-	33,549,312
Federal sources	-	-	-	51,193	86,076	152,430	-	1,081,376	2,672,176
Other	-	-	-	-	-	-	7,766,218	-	8,004,149
Total receipts	-	-	-	51,193	86,076	152,430	7,766,218	1,081,376	76,672,449
Disbursements:									
Current:									
Instruction	-	-	-	251,197	98,574	141,058	-	906,182	25,244,944
Support services	-	-	-	4,607	23,628	-	-	163,602	19,461,999
Noninstructional services	-	-	-	-	747	-	-	11,592	2,893,640
Facilities acquisition and construction	-	-	-	-	-	-	-	-	14,199,729
Debt services	-	1,294	-	-	-	-	-	-	10,192,690
Nonprogrammed charges	-	-	-	-	-	-	7,903,077	-	14,505,962
Total disbursements	-	1,294	-	255,804	122,949	141,058	7,903,077	1,081,376	86,498,964
Excess (deficiency) of receipts over disbursements	-	(1,294)	-	(204,611)	(36,873)	11,372	(136,859)	-	(9,826,515)
Other financing sources (uses)									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	852,000
Sale of capital assets	-	-	-	-	-	-	-	-	2,668
Transfers in	-	-	-	-	-	-	-	-	501,513
Transfers out	-	-	-	(40,000)	-	-	-	-	(501,513)
Total other financing sources (uses)	-	-	-	(40,000)	-	-	-	-	854,668
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,294)	-	(244,611)	(36,873)	11,372	(136,859)	-	(8,971,847)
Cash and investments - ending	\$ 791	\$ 823	\$ 1,921	\$ -	\$ 24,424	\$ (17,330)	\$ 471,134	\$ -	\$ 28,730,207

DUNELAND 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	\$ 2,213,804	\$ 4,671,197	\$ 689,833	\$ 4,189,028	\$ 3,397,423	\$ 388,010	\$ 4,047,722	\$ 1,536,863	\$ 303,575	\$ 386,659
Receipts:										
Local sources	896,634	9,051,238	1,830,982	7,282,511	3,804,708	653,133	-	2,564	-	1,654,615
State sources	32,997,258	-	-	-	-	-	-	-	-	34,425
Federal sources	-	-	-	-	-	-	-	-	-	848,027
Other	-	-	-	65,364	36,695	-	-	-	-	-
Total receipts	33,893,892	9,051,238	1,830,982	7,347,875	3,841,403	653,133	-	2,564	-	2,537,067
Disbursements:										
Current:										
Instruction	23,847,671	-	-	-	-	-	-	50,625	-	-
Support services	11,267,970	-	-	3,165,421	3,391,973	509,341	-	72,790	-	-
Noninstructional services	551,084	-	-	-	-	-	-	-	-	2,388,698
Facilities acquisition and construction	-	-	-	5,126,330	-	-	772,214	-	93,441	-
Debt services	-	9,099,502	1,599,279	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	35,666,725	9,099,502	1,599,279	8,291,751	3,391,973	509,341	772,214	123,415	93,441	2,388,698
Excess (deficiency) of receipts over disbursements	(1,772,833)	(48,264)	231,703	(943,876)	449,430	143,792	(772,214)	(120,851)	(93,441)	148,369
Other financing sources (uses)										
Sale of capital assets	6,226	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,000,000	-	-	-
Transfers out	-	-	-	-	(1,065,014)	-	-	-	-	-
Total other financing sources (uses)	6,226	-	-	-	(1,065,014)	-	1,000,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,766,607)	(48,264)	231,703	(943,876)	(615,584)	143,792	227,786	(120,851)	(93,441)	148,369
Cash and investments - ending	\$ 447,197	\$ 4,622,933	\$ 921,536	\$ 3,245,152	\$ 2,781,839	\$ 531,802	\$ 4,275,508	\$ 1,416,012	\$ 210,134	\$ 535,028

DUNELAND 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	Self- Insurance	Levy Excess	Alternative Education	Early Intervention Grant	Guidance Grant	Extra- Curricular Activities	Scholarships and Awards	BP Grant	Guaranteed Energy
Cash and investments - beginning	\$ 890,522	\$ 4,480,204	\$ 134,108	\$ 69,424	\$ -	\$ 334	\$ 12,026	\$ 6,543	\$ 38	\$ -
Receipts:										
Local sources	640,333	6,249,504	-	-	-	-	27,745	326	-	-
State sources	121,083	-	-	7,754	9,890	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	761,416	6,249,504	-	7,754	9,890	-	27,745	326	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	9,490	-	2,610	-	-	-
Support services	1,422,057	39,649	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,760,103	-	-	-	-	-	1,000	-	-
Total disbursements	1,422,057	5,799,752	-	-	9,490	-	2,610	1,000	-	-
Excess (deficiency) of receipts over disbursements	(660,641)	449,752	-	7,754	400	-	25,135	(674)	-	-
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	65,014	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	65,014	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(595,627)	449,752	-	7,754	400	-	25,135	(674)	-	-
Cash and investments - ending	\$ 294,895	\$ 4,929,956	\$ 134,108	\$ 77,178	\$ 400	\$ 334	\$ 37,161	\$ 5,869	\$ 38	\$ -

DUNELAND 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)

	Miscellaneous Programs	Indiana Next 2002-2003	Porter Calendar	Indiana Next 2001-2002	NSTA Grant	Friends of Duneland	Roof Settlement	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ (29,405)	\$ 128	\$ 3,535	\$ 743	\$ 821	\$ 110,000	\$ 649,239	\$ -	\$ 2,260
Receipts:									
Local sources	119,987	-	-	-	-	5,000	-	-	-
State sources	-	-	-	-	-	-	-	7,047	8,220
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	119,987	-	-	-	-	5,000	-	7,047	8,220
Disbursements:									
Current:									
Instruction	95,225	-	3,535	-	-	-	-	6,376	-
Support services	-	-	-	-	-	-	-	-	8,426
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	115,000	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	95,225	-	3,535	-	-	115,000	-	6,376	8,426
Excess (deficiency) of receipts over disbursements	24,762	-	(3,535)	-	-	(110,000)	-	671	(206)
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,762	-	(3,535)	-	-	(110,000)	-	671	(206)
Cash and investments - ending	\$ (4,643)	\$ 128	\$ -	\$ 743	\$ 821	\$ -	\$ 649,239	\$ 671	\$ 2,054

DUNELAND 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)

	Intelnet Refund	Jackson Class	Title I 2010-2011	Title I 2011-2012	Title V	Title VI	Serve America	Drug Free Schools	Anti Drug Abuse 2010
Cash and investments - beginning	\$ 11,869	\$ -	\$ 77,872	\$ -	\$ 568	\$ 914	\$ 1,137	\$ -	\$ 1,450
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	11,499	374,842	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	11,499	374,842	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	71,858	375,143	-	-	-	-	-
Support services	-	-	15,262	10,395	-	-	-	-	-
Noninstructional services	-	-	2,251	189	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	89,371	385,727	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(77,872)	(10,885)	-	-	-	-	-
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(77,872)	(10,885)	-	-	-	-	-
Cash and investments - ending	\$ 11,869	\$ -	\$ -	\$ (10,885)	\$ 568	\$ 914	\$ 1,137	\$ -	\$ 1,450

DUNELAND 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)

	Title II- Dwight D. Eisenhower- Science and Math Technology Grants	2010 General Obligation Refund	Eisenhower Title II	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Special Education - Part B	Payroll Clearing	Education Jobs	Totals
Cash and investments - beginning	\$ 791	\$ 823	\$ 1,921	\$ -	\$ 24,424	\$ (17,330)	\$ 471,134	\$ -	\$ 28,730,207
Receipts:									
Local sources	-	-	-	-	-	-	-	-	32,219,280
State sources	-	-	-	-	-	-	-	-	33,185,677
Federal sources	-	-	-	-	33,920	119,560	-	-	1,387,848
Other	-	-	-	-	-	-	7,711,586	-	7,813,645
Total receipts	-	-	-	-	33,920	119,560	7,711,586	-	74,606,450
Disbursements:									
Current:									
Instruction	-	-	-	-	56,818	101,230	-	15,974	24,636,555
Support services	-	-	-	-	6,011	1,000	-	-	19,910,295
Noninstructional services	-	-	-	-	1,218	-	-	-	2,943,440
Facilities acquisition and construction	-	-	-	-	-	-	-	-	6,106,985
Debt services	-	-	-	-	-	-	-	-	10,698,781
Nonprogrammed charges	-	-	-	-	-	-	7,796,399	-	13,557,502
Total disbursements	-	-	-	-	64,047	102,230	7,796,399	15,974	77,853,558
Excess (deficiency) of receipts over disbursements	-	-	-	-	(30,127)	17,330	(84,813)	(15,974)	(3,247,108)
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	6,226
Transfers in	-	-	-	-	-	-	-	-	1,065,014
Transfers out	-	-	-	-	-	-	-	-	(1,065,014)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	6,226
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(30,127)	17,330	(84,813)	(15,974)	(3,240,882)
Cash and investments - ending	\$ 791	\$ 823	\$ 1,921	\$ -	\$ (5,703)	\$ -	\$ 386,321	\$ (15,974)	\$ 25,489,325

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DUNELAND 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:		
Chesterton High School	\$ 44,701,150	\$ 6,198,175
Notes and loans payable	1,961,457	1,477,821
Bonds payable:		
General obligation bonds:		
Pension bonds, 2006	5,835,000	426,318
Pension bonds 2001, refunded issue 2010	2,250,000	1,164,100
Renovation and improvements to Liberty Elementary School	<u>5,300,000</u>	<u>1,557,126</u>
Total governmental activities debt	<u>\$ 60,047,607</u>	<u>\$ 10,823,540</u>

DUNELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMA

The School Corporation's supporting documentation reflected 93 students that graduated with academic honors for the Class of 2010. The School Corporation reported 94 students to the Department of Education, resulting in an overstatement of one student as an academic honors diploma recipient.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

GENERAL FUND (STUDENT ACTIVITY FUNDS) (Applies to Bailly Elementary School, Liberty Elementary School, Liberty Intermediate School, Chesterton Middle School, Chesterton High School)

Bailly Elementary School paid for items such as a staff dinner expenses from their General Fund.

Liberty Intermediate School received commissions for student picture orders and rebates for purchases made by parents at Target and Town & Country Market during the audit period. These commissions and "educational rebates" were deposited into the General Fund and used for many administrative and staff related items such as polo shirts, coffee and coffee supplies, retirement and Christmas parties, staff breakfasts and luncheons, and postage stamps.

Liberty Elementary School commingled grants, Christmas for Kids donations, picture commissions, and other items in the Student Activity Fund. Many of the disbursements from the fund appeared to be for instructional materials.

Chesterton Middle School receipted student picture commissions in an Investment Fund. Disbursements included staff spirit wear, staff shirts, and school supplies.

Chesterton High School receipted Target Educational Rebates into the Staff Activity Fund. Disbursements included a staff luncheon and health screenings for Food Service workers.

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). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

Accordingly, with the above references to receipts, all disbursements for educational purposes must be made from school corporation funds and not from extra-curricular funds. (See General Fund, Student Activity Fund and Investments and Investment Income Fund) These include disbursements for building

DUNELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

equipment, repairs and maintenance; educational and library materials, supplies and equipment; meeting and conference expense of employees; copiers; and, the repair and maintenance of same. Curricular and extra-curricular, though associated, are totally separate functions and each has a purpose and authorizing statute and must be treated separately. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

CONDITION OF RECORDS (Applies to Chesterton High School)

Transactions such as transfers and reimbursements were recorded as "negative" receipts and disbursements. In addition, significant cash change balances were not included in the respective fund balances and were not used in the monthly reconcilements.

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)

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."

ACCOUNTING FOR INVESTMENTS AND INTEREST (Applies to Chesterton High School)

Two Certificates of Deposit purchased from the Athletic Fund, were automatically renewed by the depository without the knowledge or agreement of the Extra-Curricular Treasurer. Interest earned on investments in these instances was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

A certificate of deposit may or other investments be renewed for an additional term if authorized, without the original certificate of deposit being paid by the depository and a warrant being issued for the purchase of a new certificate of deposit if all applicable statutory provisions have been complied with by the political subdivision or other investments if all applicable statutory provisions have been complied with by the political subdivision. However, if renewed, the interest due the political subdivision shall be paid to the fiscal officer at each maturity date, or the records should show transactions which will reflect the true financial condition and the amount invested at all times. The interest shall not be added to the original deposit and reinvested by the depository without being recorded in the records. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 5)

ACCOUNTABLE ITEMS (Applies to Chesterton High School)

The duplicate deposit tickets did not include a detailed listing of the checks being deposited.

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)

DUNELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

***PROFITS FROM STUDENT FUNDRAISER DEPOSITED INTO FACULTY
ACCOUNT (Applies to Westchester Intermediate School)***

Westchester Intermediate School receipted \$1,686.70 from a 2011 student fundraiser into the faculty general account.

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). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

***LACK OF DOCUMENTATION FOR EXTRA-CURRICULAR DISBURSEMENTS
(Applies to Westchester Intermediate School)***

Twenty percent of the disbursements reviewed lacked proper documentation. The claim forms had no attachments beyond a purchase order.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (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

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 DUNELAND SCHOOL CORPORATION, PORTER COUNTY, INDIANA

Compliance

We have audited the Duneland 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

November 21, 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.

DUNELAND 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		\$ 161,319	\$ 168,299
National School Lunch Program	10.555		774,653	825,064
			<u>935,972</u>	<u>993,363</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	10-6470 11-6470 12-6470	122,908 419,819 -	- 89,372 385,727
			<u>542,727</u>	<u>475,099</u>
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389		122,949	64,046
			<u>665,676</u>	<u>539,145</u>
Pass-Through Porter County Educational Services Special Education Cluster				
ARRA Special Education Grants to States, Recovery Act	84.391		141,058	102,231
			<u>141,058</u>	<u>102,231</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	09-6470	53,254	-
Improving Teacher Quality State Grants	84.367	09-6470 10-6470	102,225 153,579	- -
			<u>255,804</u>	<u>-</u>
Education Jobs Fund	84.410		1,081,377	-
			<u>2,197,169</u>	<u>641,376</u>
Total federal awards expended			<u>\$ 3,133,141</u>	<u>\$ 1,634,739</u>

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

DUNELAND 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 Duneland 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	2011	2012
School Breakfast Program	10.553	\$ 20,437	\$ 24,623
National School Lunch Program	10.555	98,138	120,710

DUNELAND 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 Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency 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	Child Nutrition Cluster Education Jobs Fund

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

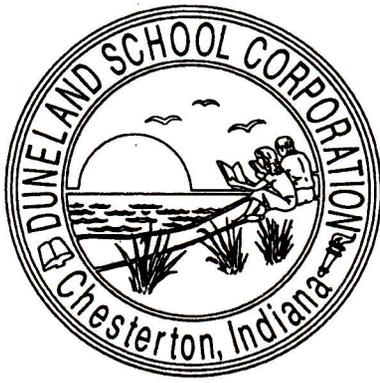
Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Duneland School Corporation

ADMINISTRATION CENTER

601 West Morgan Avenue

Chesterton, Indiana 46304-2205

Phone: 219-983-3600 FAX: 219-983-3614

October 17, 2012

State Board of Accounts
Room E418, 302 Washington St.
Indianapolis IN 46204-2765

To Whom It May Concern:

In response to what remediation has occurred to address two finding in the Federal portion our 2010 audit and Financial Statement Findings, I would offer the following:

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Section II – Financial Statement Findings

FINDINGS NO. 2010-1 Financial Transactions Not Recorded

The Qualified School Construction Bonds Fund was set up in the corporation's financial statement and all transactions were approved by the School Board.

Section III – Federal Award Findings and Questioned Costs

FINDINGS NO. 2010-2 CASH MANAGEMENT CONTROLS AND COMPLIANCE

Title I grants are now reimbursed based on incurred expenditures. This has alleviated any cash balance in the fund.

FINDING NO. 2010-3 Compliance Related to Reporting

Every attempt has been made to comply with reporting on time. The Title I ARRA is now being reimbursed in the same manner as the basic Title, on incurred expenses.

Sincerely,

Bonita K. Gaston
Treasurer

DUNELAND SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2012, with Dr. Dirk E. Baer, Superintendent of Schools; Dr. David L. Pruis; Assistant Superintendent of Schools; Bonita K. Gaston, Treasurer; Janice M. Custer, President of the School Board; Michael Trout Vice-President of the School Board; and Mary Jo Brust, Assistant Business Manager.