

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DECATUR COUNTY COMMUNITY SCHOOLS
DECATUR COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-10 to 12-31-13
Superintendent of Schools	Dr. Daniel L. Roach Johnny Budd	07-01-10 to 06-30-12 07-01-12 to 06-30-13
President of the School Board	Chris Owens Barb Leacher Annette Geis Timothy Roscoe	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the accompanying financial statement of the Decatur County Community Schools (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 January 24, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not 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.

The School Corporation's response to the Audit Result and Comment identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 24, 2013



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 DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the financial statement of the Decatur County Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 24, 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, 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 24, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
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	Receipts	Disbursements	Receipts	Disbursements
General	\$ 2,687,163	\$ 12,539,834	\$ 11,437,642	\$ -	\$ 3,789,355	\$ 12,525,395	\$ 11,710,400	\$ 215	\$ 4,604,565	
Debt Service	569,092	880,893	808,210	(27,807)	613,968	839,227	798,223	(11,676)	643,296	
Retirement/Severance Bond Debt Service	138,552	290,548	241,629	(6,700)	180,771	225,079	241,583	6,700	170,967	
Capital Projects	2,417,885	1,915,466	1,196,522	(17,289)	3,119,540	1,569,274	1,708,954	33,270	3,013,130	
School Transportation	191,118	1,219,124	1,244,996	3,370	168,616	1,201,060	1,210,594	23,677	182,759	
School Bus Replacement	214,160	293,131	49,350	(2,269)	455,672	297,964	368,437	2,269	387,468	
Rainy Day	100,000	-	-	-	100,000	-	-	-	100,000	
Construction	8,629	3,752	-	-	12,381	-	-	-	12,381	
School Lunch	370,450	1,055,236	1,028,591	-	397,095	1,182,092	1,237,559	-	341,628	
Textbook Rental	229,507	259,719	233,303	11,912	267,835	262,692	244,127	27,571	313,971	
Self-Insurance	17,000	-	-	-	17,000	-	-	-	17,000	
Levy Excess	25,247	-	-	55,793	81,040	27,057	-	(81,040)	27,057	
Educational License Plates	16,997	2,325	-	-	19,322	2,156	-	-	21,478	
Alternative Education	-	-	-	-	-	1,337	-	-	1,337	
School Library Printed Material	31	-	-	-	31	-	-	-	31	
SAFE School Haven	(11,422)	11,571	-	-	149	-	-	-	149	
Early Intervention Grant	-	-	-	-	-	11,865	11,865	-	-	
Scholarships and Awards	23,212	263	700	-	22,775	-	-	-	22,775	
Nobbe, Brown, Conover Scholarship	44,650	521	2,000	-	43,171	-	1,500	-	41,671	
Keisha Boyce Memorial Scholarship	-	1,000	-	-	1,000	-	-	-	1,000	
FEWSIC Grant	-	1,763	979	-	784	-	-	-	784	
PLTW Award	-	-	-	-	-	600	599	-	1	
Psi Iota Sorority Library Grant	32	-	-	-	32	-	-	-	32	
Indiana Next Leadership	96	-	-	-	96	-	-	-	96	
Thank a Teacher Grant	1,137	982	979	-	1,140	3,979	2,442	-	2,677	
United Fund Decatur Co. Grant	(20)	-	(20)	-	-	1,466	1,572	-	(106)	
Decatur Co Soil & Water SDES Lab	-	1,095	581	-	514	-	259	-	255	
Gifted and Talented	(2,366)	-	(2,366)	-	-	-	-	-	-	
High Ability 2010-2011	-	34,377	30,470	-	3,907	-	3,907	-	-	
High Ability 2011-2012	-	-	-	-	-	32,810	32,810	-	-	
Medicaid Reimbursement	1,549	-	-	-	1,549	-	-	-	1,549	
Non-English Speaking Programs P.L. 273-1999	1,367	-	-	-	1,367	-	-	-	1,367	
Performance Based Awards	1,917	-	-	-	1,917	-	-	-	1,917	
Title I 2009-2010	83,214	-	40,963	(42,251)	-	-	-	-	-	

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

DECATUR COUNTY COMMUNITY SCHOOLS
 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
Title I 2010-2011	-	318,760	453,134	42,250	(92,124)	135,946	62,923	-	(19,101)
Title I 2011-2012	-	-	-	-	-	-	380,213	-	(380,213)
IDEA Grant 2009-2010	(48,189)	77,429	29,240	-	-	-	-	-	-
IDEA Grant 2010-2011	-	287,945	322,098	-	(34,153)	103,803	69,650	-	-
IDEA Preschool 2010-2011	-	17,339	17,339	-	-	-	-	-	-
IDEA Grant 2011-2012	-	-	-	-	-	349,973	382,540	-	(32,567)
IDEA Preschool 2011-2012	-	-	-	-	-	15,369	15,369	-	-
Drug Free Schools 2008-2009	4,530	-	4,571	41	-	-	-	-	-
Drug Free Schools 2009-2010	(453)	-	5,881	(41)	(6,375)	9,530	3,155	-	-
Drug Free Schools 2007-2008	17	-	-	-	17	-	-	-	17
Lily ECO 15 Biomed 2008-2009	(4,754)	-	505	-	(5,259)	-	-	-	(5,259)
Lily ECO 15 Pre-Engineering 2008-2009	(1,120)	-	-	-	(1,120)	-	-	-	(1,120)
Project Lead the Way Biomed 2009-2010	(6,987)	20,000	13,013	-	-	-	-	-	-
Project Lead the Way Pre-Engineering 2009-2010	(1,676)	15,000	12,651	-	673	-	202	-	471
ECO15 Biomed 2011	-	-	8,213	-	(8,213)	10,550	2,337	-	-
PLTW Biomed 2010-2011	-	-	2,103	-	(2,103)	15,000	12,897	-	-
PLTW ECO15 Bio Med 2011-2012	-	-	-	-	-	9,723	9,723	-	-
PLTW ECO15 Pre-Engineering 2011-2012	-	-	-	-	-	14,584	14,584	-	-
Child Care and Development Block Grant	600	-	-	-	600	-	-	-	600
Improving Teaching Quality, Title II, Part A 2010-2011	-	79,743	87,517	-	(7,774)	23,608	15,834	-	-
Improving Teaching Quality, Title II, Part A 2011-2012	-	-	-	-	-	-	54,708	-	(54,708)
Title I - Stimulus	17,591	-	22,951	-	(5,360)	21,810	16,450	-	-
Special Education - Part B - Stimulus	(87,574)	161,083	88,067	-	(14,558)	52,283	37,725	-	-
Special Education - Part B - Preschool - Stimulus	-	4,515	4,515	-	-	492	492	-	-
Qualified School Construction Bond	-	568	2,095	105,000	103,473	704	-	-	104,177
Qualified Zone Academy Bond	-	264	-	98,000	98,264	599	98,863	-	-
Education Jobs	-	-	-	-	-	362,457	374,399	-	(11,942)
Payroll Withholdings	73,300	2,966,503	2,910,044	-	129,759	2,985,012	2,966,071	-	148,700
Accounts Payable Electronic Payments	-	140,187	136,031	-	4,156	515,879	518,639	-	1,396
Totals	\$ 7,074,482	\$ 22,600,936	\$ 20,434,497	\$ 220,009	\$ 9,460,930	\$ 22,811,375	\$ 22,611,605	\$ 986	\$ 9,661,686

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, 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, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
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 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, and scholarships.

F. Other Financing Sources and Uses

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

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.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Holding Corporation

The School Corporation has entered into a capital lease with the Decatur County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2010-2011 and 2011-2012 totaled \$685,000 and \$685,000, respectively.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash balances. This is a result of disbursements made prior to disbursements being reimbursed from grant proceeds as directed by the Department of Education effective during the current audit period. These deficits are to be repaid from future receipts.

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.

DECATUR COUNTY COMMUNITY SCHOOLS
 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	Construction
Cash and investments - beginning	\$ 2,687,163	\$ 569,092	\$ 138,552	\$ 2,417,885	\$ 191,118	\$ 214,160	\$ 100,000	\$ 8,629
Receipts:								
Local sources	200,741	880,893	290,548	1,915,466	1,219,124	293,131	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	12,339,093	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	3,752
Total receipts	<u>12,539,834</u>	<u>880,893</u>	<u>290,548</u>	<u>1,915,466</u>	<u>1,219,124</u>	<u>293,131</u>	<u>-</u>	<u>3,752</u>
Disbursements:								
Current:								
Instruction	8,284,974	-	-	-	-	-	-	-
Support services	3,054,727	-	-	521,422	1,244,996	49,350	-	-
Noninstructional services	94,265	-	-	-	-	-	-	-
Facilities acquisition and construction	3,676	-	-	675,100	-	-	-	-
Debt services	-	808,210	241,629	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>11,437,642</u>	<u>808,210</u>	<u>241,629</u>	<u>1,196,522</u>	<u>1,244,996</u>	<u>49,350</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,102,192</u>	<u>72,683</u>	<u>48,919</u>	<u>718,944</u>	<u>(25,872)</u>	<u>243,781</u>	<u>-</u>	<u>3,752</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	15,209	1,800	-	-	-
Transfers in	-	-	-	-	25,247	-	-	-
Transfers out	-	(27,807)	(6,700)	(32,498)	(23,677)	(2,269)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(27,807)</u>	<u>(6,700)</u>	<u>(17,289)</u>	<u>3,370</u>	<u>(2,269)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,102,192</u>	<u>44,876</u>	<u>42,219</u>	<u>701,655</u>	<u>(22,502)</u>	<u>241,512</u>	<u>-</u>	<u>3,752</u>
Cash and investments - ending	<u>\$ 3,789,355</u>	<u>\$ 613,968</u>	<u>\$ 180,771</u>	<u>\$ 3,119,540</u>	<u>\$ 168,616</u>	<u>\$ 455,672</u>	<u>\$ 100,000</u>	<u>\$ 12,381</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 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 Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	School Library Printed Material	SAFE School Haven	Scholarships and Awards
Cash and investments - beginning	\$ 370,450	\$ 229,507	\$ 17,000	\$ 25,247	\$ 16,997	\$ 31	\$ (11,422)	\$ 23,212
Receipts:								
Local sources	522,544	191,643	-	-	-	-	-	263
Intermediate sources	-	-	-	-	2,325	-	-	-
State sources	12,853	68,076	-	-	-	-	11,571	-
Federal sources	519,839	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,055,236</u>	<u>259,719</u>	<u>-</u>	<u>-</u>	<u>2,325</u>	<u>-</u>	<u>11,571</u>	<u>263</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	233,303	-	-	-	-	-	-
Noninstructional services	1,028,591	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	700
Total disbursements	<u>1,028,591</u>	<u>233,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700</u>
Excess (deficiency) of receipts over disbursements	<u>26,645</u>	<u>26,416</u>	<u>-</u>	<u>-</u>	<u>2,325</u>	<u>-</u>	<u>11,571</u>	<u>(437)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	11,912	-	81,040	-	-	-	-
Transfers out	-	-	-	(25,247)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>11,912</u>	<u>-</u>	<u>55,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>26,645</u>	<u>38,328</u>	<u>-</u>	<u>55,793</u>	<u>2,325</u>	<u>-</u>	<u>11,571</u>	<u>(437)</u>
Cash and investments - ending	<u>\$ 397,095</u>	<u>\$ 267,835</u>	<u>\$ 17,000</u>	<u>\$ 81,040</u>	<u>\$ 19,322</u>	<u>\$ 31</u>	<u>\$ 149</u>	<u>\$ 22,775</u>

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

	Nobbe, Brown, Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank a Teacher Grant	United Fund Decatur Co. Way	Decatur Co Soil & Water SDES Lab
Cash and investments - beginning	\$ 44,650	\$ -	\$ -	\$ 32	\$ 96	\$ 1,137	\$ (20)	\$ -
Receipts:								
Local sources	521	1,000	1,763	-	-	982	-	1,095
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>521</u>	<u>1,000</u>	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>982</u>	<u>-</u>	<u>1,095</u>
Disbursements:								
Current:								
Instruction	-	-	979	-	-	979	-	-
Support services	-	-	-	-	-	-	(20)	581
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,000</u>	<u>-</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>979</u>	<u>(20)</u>	<u>581</u>
Excess (deficiency) of receipts over disbursements	<u>(1,479)</u>	<u>1,000</u>	<u>784</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>20</u>	<u>514</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>(1,479)</u>	<u>1,000</u>	<u>784</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>20</u>	<u>514</u>
Cash and investments - ending	<u>\$ 43,171</u>	<u>\$ 1,000</u>	<u>\$ 784</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ 514</u>

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

	Gifted and Talented	High Ability 2010-2011	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Performance Based Awards	Title I 2009-2010	Title I 2010-2011	IDEA Grant 2009-2010
Cash and investments - beginning	\$ (2,366)	\$ -	\$ 1,549	\$ 1,367	\$ 1,917	\$ 83,214	\$ -	\$ (48,189)
Receipts:								
Local sources	-	-	-	-	-	-	-	77,429
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	34,377	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	318,760	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	34,377	-	-	-	-	318,760	77,429
Disbursements:								
Current:								
Instruction	(2,366)	30,470	-	-	-	31,697	429,219	26,392
Support services	-	-	-	-	-	8,689	22,224	2,848
Noninstructional services	-	-	-	-	-	577	1,691	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	(2,366)	30,470	-	-	-	40,963	453,134	29,240
Excess (deficiency) of receipts over disbursements	2,366	3,907	-	-	-	(40,963)	(134,374)	48,189
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	42,250	-
Transfers out	-	-	-	-	-	(42,251)	-	-
Total other financing sources (uses)	-	-	-	-	-	(42,251)	42,250	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,366	3,907	-	-	-	(83,214)	(92,124)	48,189
Cash and investments - ending	\$ -	\$ 3,907	\$ 1,549	\$ 1,367	\$ 1,917	\$ -	\$ (92,124)	\$ -

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

	IDEA Grant 2010-2011	IDEA Preschool 2010-2011	Drug Free Schools 2008-2009	Drug Free Schools 2009-2010	Drug Free Schools 2007-2008	Lily ECO 15 Biomed 2008-2009	Lily ECO 15 Pre-Engineering 2008-2009
Cash and investments - beginning	\$ -	\$ -	\$ 4,530	\$ (453)	\$ 17	\$ (4,754)	\$ (1,120)
Receipts:							
Local sources	287,945	17,339	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>287,945</u>	<u>17,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	313,680	17,339	-	-	-	-	-
Support services	8,418	-	4,571	5,881	-	505	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>322,098</u>	<u>17,339</u>	<u>4,571</u>	<u>5,881</u>	<u>-</u>	<u>505</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(34,153)</u>	<u>-</u>	<u>(4,571)</u>	<u>(5,881)</u>	<u>-</u>	<u>(505)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	41	-	-	-	-
Transfers out	-	-	-	(41)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>41</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(34,153)</u>	<u>-</u>	<u>(4,530)</u>	<u>(5,922)</u>	<u>-</u>	<u>(505)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (34,153)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,375)</u>	<u>\$ 17</u>	<u>\$ (5,259)</u>	<u>\$ (1,120)</u>

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

	Project Lead the Way Biomed 2009-2010	Project Lead the Way Pre-Engineering 2009-2010	ECO 15 Biomed 2011	PLTW Biomed 2010-2011	Child Care and Development Block Grant	Improving Teaching Quality Title II, Part A 2010-2011	Title I Stimulus
Cash and investments - beginning	\$ (6,987)	\$ (1,676)	\$ -	\$ -	\$ 600	\$ -	\$ 17,591
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	20,000	15,000	-	-	-	-	-
Federal sources	-	-	-	-	-	79,743	-
Other	-	-	-	-	-	-	-
Total receipts	<u>20,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,743</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	13,013	12,515	8,213	2,103	-	87,517	21,174
Support services	-	136	-	-	-	-	415
Noninstructional services	-	-	-	-	-	-	1,362
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>13,013</u>	<u>12,651</u>	<u>8,213</u>	<u>2,103</u>	<u>-</u>	<u>87,517</u>	<u>22,951</u>
Excess (deficiency) of receipts over disbursements	<u>6,987</u>	<u>2,349</u>	<u>(8,213)</u>	<u>(2,103)</u>	<u>-</u>	<u>(7,774)</u>	<u>(22,951)</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>6,987</u>	<u>2,349</u>	<u>(8,213)</u>	<u>(2,103)</u>	<u>-</u>	<u>(7,774)</u>	<u>(22,951)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ (8,213)</u>	<u>\$ (2,103)</u>	<u>\$ 600</u>	<u>\$ (7,774)</u>	<u>\$ (5,360)</u>

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

	Special Education Part B - Stimulus	Special Education Part B - Preschool Stimulus	Qualified School Construction Bond	Qualified Zone Academy Bond	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ (87,574)	\$ -	\$ -	\$ -	\$ 73,300	\$ -	\$ 7,074,482
Receipts:							
Local sources	-	-	568	264	-	-	5,903,259
Intermediate sources	-	-	-	-	-	-	2,325
State sources	-	-	-	-	-	-	12,500,970
Federal sources	161,083	4,515	-	-	-	-	1,083,940
Other	-	-	-	-	2,966,503	140,187	3,110,442
Total receipts	<u>161,083</u>	<u>4,515</u>	<u>568</u>	<u>264</u>	<u>2,966,503</u>	<u>140,187</u>	<u>22,600,936</u>
Disbursements:							
Current:							
Instruction	27,337	4,515	-	-	-	-	9,309,750
Support services	60,730	-	-	-	-	-	5,218,776
Noninstructional services	-	-	-	-	-	-	1,126,486
Facilities acquisition and construction	-	-	2,095	-	-	-	680,871
Debt services	-	-	-	-	-	-	1,049,839
Nonprogrammed charges	-	-	-	-	2,910,044	136,031	3,048,775
Total disbursements	<u>88,067</u>	<u>4,515</u>	<u>2,095</u>	<u>-</u>	<u>2,910,044</u>	<u>136,031</u>	<u>20,434,497</u>
Excess (deficiency) of receipts over disbursements	<u>73,016</u>	<u>-</u>	<u>(1,527)</u>	<u>264</u>	<u>56,459</u>	<u>4,156</u>	<u>2,166,439</u>
Other financing sources (uses):							
Sale of capital assets	-	-	105,000	98,000	-	-	220,009
Transfers in	-	-	-	-	-	-	160,490
Transfers out	-	-	-	-	-	-	(160,490)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>98,000</u>	<u>-</u>	<u>-</u>	<u>220,009</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>73,016</u>	<u>-</u>	<u>103,473</u>	<u>98,264</u>	<u>56,459</u>	<u>4,156</u>	<u>2,386,448</u>
Cash and investments - ending	<u>\$ (14,558)</u>	<u>\$ -</u>	<u>\$ 103,473</u>	<u>\$ 98,264</u>	<u>\$ 129,759</u>	<u>\$ 4,156</u>	<u>\$ 9,460,930</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 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/ Saverance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,789,355	\$ 613,968	\$ 180,771	\$ 3,119,540	\$ 168,616	\$ 455,672	\$ 100,000
Receipts:							
Local sources	92,119	839,227	225,079	1,551,282	1,201,060	297,964	-
Intermediate sources	1,348	-	-	-	-	-	-
State sources	12,431,928	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	17,992	-	-	-
Total receipts	<u>12,525,395</u>	<u>839,227</u>	<u>225,079</u>	<u>1,569,274</u>	<u>1,201,060</u>	<u>297,964</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	8,477,172	-	-	-	-	-	-
Support services	3,134,609	-	-	562,264	1,210,594	368,437	-
Noninstructional services	93,673	-	-	-	-	-	-
Facilities acquisition and construction	4,946	-	-	1,146,690	-	-	-
Debt services	-	798,223	241,583	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>11,710,400</u>	<u>798,223</u>	<u>241,583</u>	<u>1,708,954</u>	<u>1,210,594</u>	<u>368,437</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>814,995</u>	<u>41,004</u>	<u>(16,504)</u>	<u>(139,680)</u>	<u>(9,534)</u>	<u>(70,473)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	215	-	-	771	-	-	-
Transfers in	-	15,895	6,700	32,499	23,677	2,269	-
Transfers out	-	(27,571)	-	-	-	-	-
Total other financing sources (uses)	<u>215</u>	<u>(11,676)</u>	<u>6,700</u>	<u>33,270</u>	<u>23,677</u>	<u>2,269</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>815,210</u>	<u>29,328</u>	<u>(9,804)</u>	<u>(106,410)</u>	<u>14,143</u>	<u>(68,204)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,604,565</u>	<u>\$ 643,296</u>	<u>\$ 170,967</u>	<u>\$ 3,013,130</u>	<u>\$ 182,759</u>	<u>\$ 387,468</u>	<u>\$ 100,000</u>

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

	<u>Construction</u>	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Self- Insurance</u>	<u>Levy Excess</u>	<u>Educational License Plates</u>	<u>Alternative Education</u>
Cash and investments - beginning	\$ 12,381	\$ 397,095	\$ 267,835	\$ 17,000	\$ 81,040	\$ 19,322	\$ -
Receipts:							
Local sources	-	564,172	178,740	-	27,057	-	-
Intermediate sources	-	-	-	-	-	2,156	-
State sources	-	12,889	83,952	-	-	-	1,337
Federal sources	-	605,031	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>1,182,092</u>	<u>262,692</u>	<u>-</u>	<u>27,057</u>	<u>2,156</u>	<u>1,337</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	244,127	-	-	-	-
Noninstructional services	-	1,237,559	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,237,559</u>	<u>244,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(55,467)</u>	<u>18,565</u>	<u>-</u>	<u>27,057</u>	<u>2,156</u>	<u>1,337</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	27,571	-	-	-	-
Transfers out	-	-	-	-	(81,040)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>27,571</u>	<u>-</u>	<u>(81,040)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(55,467)</u>	<u>46,136</u>	<u>-</u>	<u>(53,983)</u>	<u>2,156</u>	<u>1,337</u>
Cash and investments - ending	<u>\$ 12,381</u>	<u>\$ 341,628</u>	<u>\$ 313,971</u>	<u>\$ 17,000</u>	<u>\$ 27,057</u>	<u>\$ 21,478</u>	<u>\$ 1,337</u>

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

	School Library Printed Material	SAFE School Haven	Early Intervention Grant	Scholarships and Awards	Nobbe, Brown, Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant
Cash and investments - beginning	\$ 31	\$ 149	\$ -	\$ 22,775	\$ 43,171	\$ 1,000	\$ 784
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	11,865	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	11,865	-	-	-	-
Disbursements:							
Current:							
Instruction	-	-	11,865	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,500	-	-
Total disbursements	-	-	11,865	-	1,500	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(1,500)	-	-
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	-	-	-	-	(1,500)	-	-
Cash and investments - ending	\$ 31	\$ 149	\$ -	\$ 22,775	\$ 41,671	\$ 1,000	\$ 784

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

	PLTW Award	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank a Teacher Grant	United Fund Decatur Co. Way	Decatur Co Soil & Water SDES Lab	High Ability 2010-2011
Cash and investments - beginning	\$ -	\$ 32	\$ 96	\$ 1,140	\$ -	\$ 514	\$ 3,907
Receipts:							
Local sources	600	-	-	3,979	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	1,466	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>600</u>	<u>-</u>	<u>-</u>	<u>3,979</u>	<u>1,466</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	599	-	-	2,442	-	-	3,907
Support services	-	-	-	-	-	259	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,572	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>599</u>	<u>-</u>	<u>-</u>	<u>2,442</u>	<u>1,572</u>	<u>259</u>	<u>3,907</u>
Excess (deficiency) of receipts over disbursements	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,537</u>	<u>(106)</u>	<u>(259)</u>	<u>(3,907)</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>1</u>	<u>-</u>	<u>-</u>	<u>1,537</u>	<u>(106)</u>	<u>(259)</u>	<u>(3,907)</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ 2,677</u>	<u>\$ (106)</u>	<u>\$ 255</u>	<u>\$ -</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 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 2011-2012	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Performance Based Awards	Title I 2010-2011	Title I 2011-2012	IDEA Grant 2010-2011
Cash and investments - beginning	\$ -	\$ 1,549	\$ 1,367	\$ 1,917	\$ (92,124)	\$ -	\$ (34,153)
Receipts:							
Local sources	-	-	-	-	-	-	103,803
Intermediate sources	-	-	-	-	-	-	-
State sources	32,810	-	-	-	-	-	-
Federal sources	-	-	-	-	135,946	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>32,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,946</u>	<u>-</u>	<u>103,803</u>
Disbursements:							
Current:							
Instruction	32,810	-	-	-	29,703	378,873	50,383
Support services	-	-	-	-	32,943	-	19,267
Noninstructional services	-	-	-	-	277	1,340	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>32,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,923</u>	<u>380,213</u>	<u>69,650</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,023</u>	<u>(380,213)</u>	<u>34,153</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,023</u>	<u>(380,213)</u>	<u>34,153</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,549</u>	<u>\$ 1,367</u>	<u>\$ 1,917</u>	<u>\$ (19,101)</u>	<u>\$ (380,213)</u>	<u>\$ -</u>

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

	IDEA Preschool 2010-2011	IDEA Grant 2011-2012	IDEA Preschool 2011-2012	Drug Free Schools 2009-2010	Drug Free Schools 2007-2008	Lily ECO 15 Biomed 2008-2009
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (6,375)	\$ 17	\$ (5,259)
Receipts:						
Local sources	-	349,973	15,369	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	9,530	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>349,973</u>	<u>15,369</u>	<u>9,530</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	375,050	15,369	-	-	-
Support services	-	7,490	-	3,155	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>382,540</u>	<u>15,369</u>	<u>3,155</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(32,567)</u>	<u>-</u>	<u>6,375</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(32,567)</u>	<u>-</u>	<u>6,375</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (32,567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (5,259)</u>

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

	Lily ECO 15 Pre-Engineering 2008-2009	Project Lead the Way Pre-Engineering 2009-2010	ECO 15 Biomed 2011	PLTW Biomed 2010-2011	PLTW ECO15 Bio Med 2011-2012	PLTW ECO15 Pre-Engineering 2011-2012
Cash and investments - beginning	\$ (1,120)	\$ 673	\$ (8,213)	\$ (2,103)	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	9,723	14,584
Intermediate sources	-	-	-	-	-	-
State sources	-	-	10,550	15,000	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>10,550</u>	<u>15,000</u>	<u>9,723</u>	<u>14,584</u>
Disbursements:						
Current:						
Instruction	-	202	(150)	10,304	4,923	14,584
Support services	-	-	2,487	2,593	4,800	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>202</u>	<u>2,337</u>	<u>12,897</u>	<u>9,723</u>	<u>14,584</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(202)</u>	<u>8,213</u>	<u>2,103</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(202)</u>	<u>8,213</u>	<u>2,103</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (1,120)</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Child Care and Development Block Grant	Improving Teaching Quality Title II, Part A 2010-2011	Improving Teaching Quality Title II, Part A 2011-2012	Title I Stimulus	Special Education Part B - Stimulus	Special Education Part B - Preschool Stimulus
Cash and investments - beginning	\$ 600	\$ (7,774)	\$ -	\$ (5,360)	\$ (14,558)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	23,608	-	21,810	52,283	492
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>23,608</u>	<u>-</u>	<u>21,810</u>	<u>52,283</u>	<u>492</u>
Disbursements:						
Current:						
Instruction	-	12,004	20,289	11,717	24,642	492
Support services	-	3,830	34,419	4,733	13,083	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>15,834</u>	<u>54,708</u>	<u>16,450</u>	<u>37,725</u>	<u>492</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>7,774</u>	<u>(54,708)</u>	<u>5,360</u>	<u>14,558</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>7,774</u>	<u>(54,708)</u>	<u>5,360</u>	<u>14,558</u>	<u>-</u>
Cash and investments - ending	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ (54,708)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Qualified School Construction Bond	Qualified Zone Academy Bond	Education Jobs	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ 103,473	\$ 98,264	\$ -	\$ 129,759	\$ 4,156	\$ 9,460,930
Receipts:						
Local sources	704	599	-	-	-	5,476,034
Intermediate sources	-	-	-	-	-	3,504
State sources	-	-	-	-	-	12,600,331
Federal sources	-	-	362,457	-	-	1,212,623
Other	-	-	-	2,985,012	515,879	3,518,883
Total receipts	<u>704</u>	<u>599</u>	<u>362,457</u>	<u>2,985,012</u>	<u>515,879</u>	<u>22,811,375</u>
Disbursements:						
Current:						
Instruction	-	-	374,399	-	-	9,851,579
Support services	-	-	-	-	-	5,649,090
Noninstructional services	-	-	-	-	-	1,332,849
Facilities acquisition and construction	-	98,863	-	-	-	1,252,071
Debt services	-	-	-	-	-	1,039,806
Nonprogrammed charges	-	-	-	2,966,071	518,639	3,486,210
Total disbursements	<u>-</u>	<u>98,863</u>	<u>374,399</u>	<u>2,966,071</u>	<u>518,639</u>	<u>22,611,605</u>
Excess (deficiency) of receipts over disbursements	<u>704</u>	<u>(98,264)</u>	<u>(11,942)</u>	<u>18,941</u>	<u>(2,760)</u>	<u>199,770</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	986
Transfers in	-	-	-	-	-	108,611
Transfers out	-	-	-	-	-	(108,611)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>986</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>704</u>	<u>(98,264)</u>	<u>(11,942)</u>	<u>18,941</u>	<u>(2,760)</u>	<u>200,756</u>
Cash and investments - ending	<u>\$ 104,177</u>	<u>\$ -</u>	<u>\$ (11,942)</u>	<u>\$ 148,700</u>	<u>\$ 1,396</u>	<u>\$ 9,661,686</u>

DECATUR COUNTY COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Due to a small number of employees being assigned financial related duties, the School Corporation has not been able to segregate duties related to receipts, disbursements, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time.

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

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

A similar comment was made in prior Report B38536.

We recommended that internal control activities continue to be reviewed to determine if risks can be reduced regarding the achievement of financial reporting objectives.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

Compliance

We have audited the Decatur County Community Schools' (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 24, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 10-11	\$ 110,340	\$ -
		FY 11-12	-	122,487
National School Lunch Program	10.555			
		FY 10-11	450,457	-
		FY 11-12	-	481,881
Total for cluster			<u>560,797</u>	<u>604,368</u>
Total for federal grantor agency			<u>560,797</u>	<u>604,368</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		09-1655	40,964	-
		10-1655	453,134	62,923
		11-1655	-	380,213
Total for program			<u>494,098</u>	<u>443,136</u>
ARRA Title 1 Grants to Local Educational Agencies, Recovery Act	84.389			
		09-1655	<u>22,951</u>	<u>16,450</u>
Total for cluster			<u>517,049</u>	<u>459,586</u>
Pass-Through Bartholomew County Consolidated School Corporation				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027			
		14210-003-PN01	29,240	-
		14211-003-PN01	322,098	69,650
		14212-003-PN01	-	382,540
Total for program			<u>351,338</u>	<u>452,190</u>
Special Education Preschool Grants	84.173			
		45711-033-PN01	17,339	-
		45712-033-PN01	-	15,369
Total for program			<u>17,339</u>	<u>15,369</u>
ARRA Special Education - Grants to States, Recovery Act	84.391			
		33310-003-SN01	<u>88,067</u>	<u>37,725</u>
ARRA Special Education - Preschool Grants, Recovery Act	84.392			
		44410-003-SN01	<u>4,515</u>	<u>492</u>
Total for cluster			<u>461,259</u>	<u>505,776</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities State Grants				
	84.186			
		08-1655	4,571	-
		09-1655	5,881	3,155
Total for program			<u>10,452</u>	<u>3,155</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
Biomed 2009-2010	84.243			
Pre Engineering 2009-2010		C1-SPLBIO-9-671	13,013	-
Biomed 2010-2011		C1-10-PLTW-9-671	12,651	202
		C1-SPLBIO-11-671	2,103	12,897
Pass-Through Bartholomew County Consolidated School Corporation				
Tech-Prep Education				
Biomed 2011-2012	84.243			
Pre Engineering 2011-2012		11-6200-0365	-	9,723
		11-6200-0365	-	14,584
Total for program			<u>27,767</u>	<u>37,406</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants				
	84.367			
		10-1655	87,517	15,834
		11-1655	-	54,708
Total for program			<u>87,517</u>	<u>70,542</u>
Education Jobs Fund	84.410			
		DOE-V2-1655	-	374,399
Total for federal grantor agency			<u>1,104,044</u>	<u>1,450,864</u>
Total federal awards expended			<u>\$ 1,664,841</u>	<u>\$ 2,055,232</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Decatur County Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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	\$ 11,375	\$ 12,905
National School Lunch Program	10.555	47,060	55,981

DECATUR COUNTY COMMUNITY SCHOOLS
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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement 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:

CFDA Number	Name of Federal Program or Cluster
N/A	Title I, Part A Cluster
N/A	Special Education Cluster (IDEA)
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Due to a small number of employees being assigned financial related duties, the School Corporation has not been able to segregate duties related to receipts, disbursements, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time.

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

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

We recommended that internal control activities continue to be reviewed to determine if risks can be reduced regarding the achievement of financial reporting objectives.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ADMINISTRATION

Johnny Budd, Superintendent
Dr. Michael Wilcox, Asst. Superintendent
Louise Smith, Business Manager
Sandy Pratt, Deputy Treasurer
Amy Hacker, Bookkeeper
Kathy Land, Secretary

Decatur County Community Schools

TELEPHONE: (812) 663-4595
FAX: (812) 663-4168
1645 W. State Rd. 46
Greensburg, Indiana 47240

BOARD MEMBERS

Annette Geis
Tim Roscoe
Mark Young
Chris Owens
Matthew Hoeing
Todd Mauer
Brent Muckerheide

December 17, 2012

Indiana State Board of Accounts
302 W. Washington Street
Indianapolis, IN 46204-2765

RE: Response to prior audit comments

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

The IDOE has changed the method of funding grants. Our grants now run in a deficit while waiting for reimbursement, or at a zero balance.

If there are any questions, my contact information is listed below.

Sincerely,



Louise S. Smith
Business Manager
Decatur County Community Schools
812-663-4595
wsmith@decaturco.k12.in.us

ADMINISTRATION

JOHNNY BUDD
Superintendent

DR. MICHAEL WILCOX
Assistant Superintendent

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

SANDY PRATT
Deputy Treasurer

AMY HACKER
Bookkeeper

Decatur County Community Schools

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TODD MAUER

BRENT MUCKERHEIDE

CHRIS OWENS

TIM ROSCOE

MARK YOUNG

December 17, 2012

Indiana State Board of Accounts
302 W. Washington Street
Indianapolis, IN 46204-2765

RE: Corrective Action Plan for 2012 audit comment

Finding 2012-1, Internal Controls over Financial Transactions and Reporting, Lack of Segregation of Duties

We will review our procedures for internal control and attempt to implement steps to provide segregation of duties of cash, receipts and disbursements. Being a small school corporation, management has determined that the cost associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of additional internal control. We will investigate the possibility of reassigning responsibilities to better comply with the required internal controls. We acknowledge and assume the risk inherent with the current design of the business office operations.

If there are any questions, my contact information is listed below.

Sincerely,



Louise S. Smith
Business Manager
812-663-4595, Ext 5003
wsmith@decaturco.k12.in.us



Johnny Budd
Superintendent
812-663-4595, Ext 5001
jbudd@decaturco.k12.in.us

DECATUR COUNTY COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2013, with Johnny Budd, Superintendent of Schools; Louise S. Smith, Treasurer; and Timothy Roscoe, President of the School Board. The Official Response has been made a part of this report and may be found on pages 45.

ADMINISTRATION

JOHNNY BUDD
Superintendent

DR. MICHAEL WILCOX
Assistant Superintendent

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

SANDY PRATT
Deputy Treasurer

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BOARD MEMBERS

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MATTHEW HOEING

TODD MAUER

BRENT MUCKERHEIDE

CHRIS OWENS

TIM ROSCOE

MARK YOUNG

January 25, 2013

State Board of Accounts
Exit Conference
School Corporation's Official Response
Audit Period July 1, 2010 – June 30, 2012

The school corporation would like to respond to the items sited during the exit conference on January 24, 2013.

Finding 2012-1, Internal Controls over Financial Transactions and Reporting, Lack of Segregation of Duties

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

We request that his response be included in the report by the State Board of Accounts. We would also like to thank the field examiners for the professional manner in which the audit was conducted.

Sincerely,



Louise S. Smith
Business Manager/Treasurer



Johnny Budd
Superintendent