

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH DAVIESS COMMUNITY SCHOOLS  
DAVIESS 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	Glenda O'Connor	07-01-10 to 12-31-13
Superintendent of Schools	Robert W. Bell	07-01-10 to 12-31-13
President of the School Board	Darin Holder Richard Woodruff	07-01-10 to 06-30-11 07-01-11 to 12-31-13



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH DAVIESS COMMUNITY SCHOOLS, DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statement of the North Daviess 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 February 11, 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 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 Leases and 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

February 11, 2013



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

TO: THE OFFICIALS OF THE NORTH DAVIESS COMMUNITY SCHOOLS, DAVIESS COUNTY, INDIANA

We have audited the financial statement of the North Daviess Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 11, 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.

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

February 11, 2013

## FINANCIAL STATEMENT

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

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NORTH DAVIESS 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				
General	\$ 2,191,135	\$ 7,257,312	\$ 7,488,091	\$ -	\$ 1,960,356	\$ 7,167,165	\$ 7,526,569	\$ -	\$ 1,600,952
Debt Service	278,901	1,272,961	1,193,000	(150,537)	208,325	1,242,373	1,192,500	(7,536)	250,662
Retirement/Severance Bond Debt Service	20,787	186,752	182,201	-	25,338	178,327	180,616	-	23,049
Capital Projects	394,651	1,174,858	942,447	(140,000)	487,062	1,181,110	1,150,881	-	517,291
School Transportation	269,702	819,477	611,544	(161,559)	316,076	825,065	597,867	-	543,274
School Bus Replacement	107,042	57,056	43,621	-	120,477	33,137	-	-	153,614
Rainy Day	663,263	-	-	467,000	1,130,263	122,490	-	-	1,252,753
Post-Retirement/Severance Future Benefits	148,000	-	-	-	148,000	-	-	-	148,000
School Lunch	65,479	548,432	478,746	-	135,165	588,673	567,262	-	156,576
Textbook Rental	22,887	75,772	55,575	537	43,621	90,019	141,080	7,536	96
Self-Insurance	739,297	-	-	-	739,297	641,439	-	-	1,380,736
Levy Excess	-	15,441	-	(15,441)	-	-	-	-	-
Educational License Plates	5,438	131	-	-	5,569	113	-	-	5,682
Recycling Grant	-	3,425	3,391	-	34	-	-	-	34
Robotic Grant/SAIC	-	2,000	1,918	-	82	-	82	-	-
Comm Foundation Alt Behavior Ed	-	-	-	-	-	2,450	2,450	-	-
Community Foundation Alliance	196	-	196	-	-	-	-	-	-
LCC High School Drug Free	900	-	900	-	-	800	800	-	-
Drug Screen Grant Dav Co	-	1,000	637	-	363	-	363	-	-
2009-10 Non-English Speaking Grant	4,333	-	4,333	-	-	-	-	-	-
2010-11 Non-English Speaking Grant	-	9,368	7,547	-	1,821	-	1,821	-	-
2011-12 Non-English Speaking Grant	-	-	-	-	-	6,354	6,354	-	-
School Technology	10,202	29,279	24,668	-	14,813	23,564	23,852	-	14,525
2010-11 State Connect Grant	-	2,795	2,795	-	-	-	-	-	-
21st Century Technology High School	23,357	542	14,467	-	9,432	45	432	-	9,045
2009-10 High Ability Grant	7,228	-	7,654	426	-	-	-	-	-
2010-11 High Ability Grant	-	29,320	18,492	(426)	10,402	-	10,402	-	-
2011-12 High Ability Grant	-	-	-	-	-	28,709	28,709	-	-
Senator David Ford Tech Fund	-	-	-	-	-	15,000	13,037	-	1,963
Excess PTRC Distributions	-	-	-	-	-	31,643	-	-	31,643
2009-10 Title I	68,575	42,395	110,970	-	-	-	-	-	-
2010-11 Title I	-	404,500	367,569	-	36,931	26,731	63,662	-	-
2011-12 Title I	-	-	-	-	-	329,096	361,178	-	(32,082)
2009-10 Drug Free	31	1,510	1,541	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	26,000	25,765	-	235	86,179	87,013	-	(599)
Title II, Part A Class Size Reduction FY09	28,006	19,304	47,310	-	-	-	-	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	-	130,045	10,359	-	119,686	52,061	174,172	-	(2,425)
2011-13 Title II, Part A Improving Teacher Quality	-	-	-	-	-	8,396	11,203	-	(2,807)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	54,220	55,820	-	(1,600)
2011-13 Rural Schools and Low Income Grant	-	-	-	-	-	3,556	3,556	-	-
Title III, Language Instruction	-	-	-	-	-	4,179	4,734	-	(555)
09-10 Title III Non English Speaking	595	2,887	3,482	-	-	-	-	-	-
Title III 10/11 Limited English	-	11,340	9,051	-	2,289	-	2,289	-	-
Title I Federal Stimulus	51,332	78,100	142,175	-	(12,743)	19,400	6,657	-	-
EVSC Technology Stimulus	(15,500)	58,971	43,471	-	-	-	-	-	-
Education Jobs	-	44,407	44,407	-	-	160,823	170,101	-	(9,278)
Prepaid School Lunch	5,850	307,503	306,862	-	6,491	305,491	307,059	-	4,923
Payroll Withholdings	-	1,595,896	1,595,896	-	-	1,500,371	1,500,371	-	-
ECA Payroll	-	15,129	15,129	-	-	13,092	14,997	-	(1,905)
<b>Totals</b>	<b>\$ 5,091,687</b>	<b>\$ 14,223,908</b>	<b>\$ 13,806,210</b>	<b>\$ -</b>	<b>\$ 5,509,385</b>	<b>\$ 14,742,071</b>	<b>\$ 14,207,889</b>	<b>\$ -</b>	<b>\$ 6,043,567</b>

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

NORTH DAVIESS 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, 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.

NORTH DAVIESS 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, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

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

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

NORTH DAVIESS 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 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.

NORTH DAVIESS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

NORTH DAVIESS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teacher's Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants or the reimbursement for the expenditure made by the school corporation was not received by June 30, 2012.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with the North Daviess 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 2011 and 2012 totaled \$1,193,000 and \$1,192,500, respectively.

NORTH DAVIESS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Combined Funds**

Funds related to payroll withholdings were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

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## 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.

NORTH DAVIESS 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	Post Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 2,191,135	\$ 278,901	\$ 20,787	\$ 394,651	\$ 269,702	\$ 107,042	\$ 663,263	\$ 148,000
Receipts:								
Local sources	98,780	1,272,961	186,752	1,174,858	819,477	57,056	-	-
Intermediate sources	50	-	-	-	-	-	-	-
State sources	7,158,482	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>7,257,312</u>	<u>1,272,961</u>	<u>186,752</u>	<u>1,174,858</u>	<u>819,477</u>	<u>57,056</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,253,646	-	-	-	-	-	-	-
Support services	2,065,552	-	-	704,496	611,544	43,621	-	-
Noninstructional services	168,893	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	237,951	-	-	-	-
Debt services	-	1,193,000	182,201	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>7,488,091</u>	<u>1,193,000</u>	<u>182,201</u>	<u>942,447</u>	<u>611,544</u>	<u>43,621</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(230,779)</u>	<u>79,961</u>	<u>4,551</u>	<u>232,411</u>	<u>207,933</u>	<u>13,435</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	467,000	-
Transfers out	-	(150,537)	-	(140,000)	(161,559)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(150,537)</u>	<u>-</u>	<u>(140,000)</u>	<u>(161,559)</u>	<u>-</u>	<u>467,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(230,779)</u>	<u>(70,576)</u>	<u>4,551</u>	<u>92,411</u>	<u>46,374</u>	<u>13,435</u>	<u>467,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,960,356</u>	<u>\$ 208,325</u>	<u>\$ 25,338</u>	<u>\$ 487,062</u>	<u>\$ 316,076</u>	<u>\$ 120,477</u>	<u>\$ 1,130,263</u>	<u>\$ 148,000</u>

NORTH DAVIESS 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	Recycling Grant	Robotic Grant/ SAIC
Cash and investments - beginning	\$ 65,479	\$ 22,887	\$ 739,297	\$ -	\$ 5,438	\$ -	\$ -
Receipts:							
Local sources	308,582	56,907	-	15,441	-	3,425	2,000
Intermediate sources	-	-	-	-	131	-	-
State sources	7,229	18,865	-	-	-	-	-
Federal sources	232,371	-	-	-	-	-	-
Other	250	-	-	-	-	-	-
Total receipts	<u>548,432</u>	<u>75,772</u>	<u>-</u>	<u>15,441</u>	<u>131</u>	<u>3,425</u>	<u>2,000</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	3,391	1,918
Support services	300	55,575	-	-	-	-	-
Noninstructional services	478,446	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>478,746</u>	<u>55,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,391</u>	<u>1,918</u>
Excess (deficiency) of receipts over disbursements	<u>69,686</u>	<u>20,197</u>	<u>-</u>	<u>15,441</u>	<u>131</u>	<u>34</u>	<u>82</u>
Other financing sources (uses):							
Transfers in	-	537	-	-	-	-	-
Transfers out	-	-	-	(15,441)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>537</u>	<u>-</u>	<u>(15,441)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>69,686</u>	<u>20,734</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>34</u>	<u>82</u>
Cash and investments - ending	<u>\$ 135,165</u>	<u>\$ 43,621</u>	<u>\$ 739,297</u>	<u>\$ -</u>	<u>\$ 5,569</u>	<u>\$ 34</u>	<u>\$ 82</u>

NORTH DAVIESS 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)

	Community Foundation Alliance	Teacher Quality Improvement Program	LCC High School Drug Free	Drug Screen Grant Dav Co	2009-10 Non-English Speaking Grant	2010-11 Non-English Speaking Grant	School Technology
Cash and investments - beginning	\$ 196	\$ -	\$ 900	\$ -	\$ 4,333	\$ -	\$ 10,202
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	1,000	-	9,368	29,279
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>9,368</u>	<u>29,279</u>
Disbursements:							
Current:							
Instruction	196	-	-	-	4,333	7,547	24,668
Support services	-	-	900	637	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>196</u>	<u>-</u>	<u>900</u>	<u>637</u>	<u>4,333</u>	<u>7,547</u>	<u>24,668</u>
Excess (deficiency) of receipts over disbursements	<u>(196)</u>	<u>-</u>	<u>(900)</u>	<u>363</u>	<u>(4,333)</u>	<u>1,821</u>	<u>4,611</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(196)</u>	<u>-</u>	<u>(900)</u>	<u>363</u>	<u>(4,333)</u>	<u>1,821</u>	<u>4,611</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 1,821</u>	<u>\$ 14,813</u>

NORTH DAVIESS 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)

	2010-11 State Connect Grant	21st Century Technology High School	2009-10 High Ability Grant	2010-11 High Ability Grant	2009-10 Title I	2010-11 Title I	2009-10 Drug Free
Cash and investments - beginning	\$ -	\$ 23,357	\$ 7,228	\$ -	\$ 68,575	\$ -	\$ 31
Receipts:							
Local sources	-	542	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	2,795	-	-	29,320	-	-	-
Federal sources	-	-	-	-	42,395	404,500	1,510
Other	-	-	-	-	-	-	-
Total receipts	<u>2,795</u>	<u>542</u>	<u>-</u>	<u>29,320</u>	<u>42,395</u>	<u>404,500</u>	<u>1,510</u>
Disbursements:							
Current:							
Instruction	-	3,423	7,654	18,492	104,546	367,146	1,541
Support services	2,795	11,044	-	-	4,000	-	-
Noninstructional services	-	-	-	-	2,424	423	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,795</u>	<u>14,467</u>	<u>7,654</u>	<u>18,492</u>	<u>110,970</u>	<u>367,569</u>	<u>1,541</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(13,925)</u>	<u>(7,654)</u>	<u>10,828</u>	<u>(68,575)</u>	<u>36,931</u>	<u>(31)</u>
Other financing sources (uses):							
Transfers in	-	-	426	-	-	-	-
Transfers out	-	-	-	(426)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>426</u>	<u>(426)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(13,925)</u>	<u>(7,228)</u>	<u>10,402</u>	<u>(68,575)</u>	<u>36,931</u>	<u>(31)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,432</u>	<u>\$ -</u>	<u>\$ 10,402</u>	<u>\$ -</u>	<u>\$ 36,931</u>	<u>\$ -</u>

NORTH DAVIESS 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)

	Improving Teaching Quality No Child Left Title II, Part A	Title II, Part A Class Size Reduction FY09	ITQ Enhanced Education Through Technology Title II, Part D	09-10 Title III Non English Speaking	Title III 10/11 Limited English	Title I Federal Stimulus
Cash and investments - beginning	\$ -	\$ 28,006	\$ -	\$ 595	\$ -	\$ 51,332
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	26,000	19,304	130,045	2,887	11,340	78,100
Other	-	-	-	-	-	-
Total receipts	<u>26,000</u>	<u>19,304</u>	<u>130,045</u>	<u>2,887</u>	<u>11,340</u>	<u>78,100</u>
Disbursements:						
Current:						
Instruction	25,765	47,310	-	3,482	9,051	114,610
Support services	-	-	10,359	-	-	27,565
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>25,765</u>	<u>47,310</u>	<u>10,359</u>	<u>3,482</u>	<u>9,051</u>	<u>142,175</u>
Excess (deficiency) of receipts over disbursements	<u>235</u>	<u>(28,006)</u>	<u>119,686</u>	<u>(595)</u>	<u>2,289</u>	<u>(64,075)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>235</u>	<u>(28,006)</u>	<u>119,686</u>	<u>(595)</u>	<u>2,289</u>	<u>(64,075)</u>
Cash and investments - ending	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 119,686</u>	<u>\$ -</u>	<u>\$ 2,289</u>	<u>\$ (12,743)</u>

NORTH DAVIESS 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)

	EVSC Technology Stimulus	Education Jobs	Prepaid School Lunch	Payroll Withholdings	ECA Payroll	Totals
Cash and investments - beginning	\$ (15,500)	\$ -	\$ 5,850	\$ -	\$ -	\$ 5,091,687
Receipts:						
Local sources	-	-	-	-	-	3,996,781
Intermediate sources	-	-	-	-	-	181
State sources	-	-	-	-	-	7,256,338
Federal sources	58,971	44,407	-	-	-	1,051,830
Other	-	-	307,503	1,595,896	15,129	1,918,778
Total receipts	<u>58,971</u>	<u>44,407</u>	<u>307,503</u>	<u>1,595,896</u>	<u>15,129</u>	<u>14,223,908</u>
Disbursements:						
Current:						
Instruction	-	44,407	-	-	-	6,043,126
Support services	43,471	-	-	-	-	3,581,859
Noninstructional services	-	-	-	-	-	650,186
Facilities acquisition and construction	-	-	-	-	-	237,951
Debt services	-	-	-	-	-	1,375,201
Nonprogrammed charges	-	-	306,862	1,595,896	15,129	1,917,887
Total disbursements	<u>43,471</u>	<u>44,407</u>	<u>306,862</u>	<u>1,595,896</u>	<u>15,129</u>	<u>13,806,210</u>
Excess (deficiency) of receipts over disbursements	<u>15,500</u>	<u>-</u>	<u>641</u>	<u>-</u>	<u>-</u>	<u>417,698</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	467,963
Transfers out	-	-	-	-	-	(467,963)
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>15,500</u>	<u>-</u>	<u>641</u>	<u>-</u>	<u>-</u>	<u>417,698</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,509,385</u>

NORTH DAVIESS 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/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 1,960,356	\$ 208,325	\$ 25,338	\$ 487,062	\$ 316,076	\$ 120,477	\$ 1,130,263	\$ 148,000
Receipts:								
Local sources	70,851	1,242,373	178,327	1,181,110	825,065	33,137	-	-
Intermediate sources	27	-	-	-	-	-	-	-
State sources	7,096,287	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	122,490	-
Total receipts	<u>7,167,165</u>	<u>1,242,373</u>	<u>178,327</u>	<u>1,181,110</u>	<u>825,065</u>	<u>33,137</u>	<u>122,490</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,413,097	-	-	-	-	-	-	-
Support services	1,944,284	-	-	869,166	597,867	-	-	-
Noninstructional services	169,188	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	281,715	-	-	-	-
Debt services	-	1,192,500	180,616	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>7,526,569</u>	<u>1,192,500</u>	<u>180,616</u>	<u>1,150,881</u>	<u>597,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(359,404)</u>	<u>49,873</u>	<u>(2,289)</u>	<u>30,229</u>	<u>227,198</u>	<u>33,137</u>	<u>122,490</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(7,536)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(7,536)</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>(359,404)</u>	<u>42,337</u>	<u>(2,289)</u>	<u>30,229</u>	<u>227,198</u>	<u>33,137</u>	<u>122,490</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,600,952</u>	<u>\$ 250,662</u>	<u>\$ 23,049</u>	<u>\$ 517,291</u>	<u>\$ 543,274</u>	<u>\$ 153,614</u>	<u>\$ 1,252,753</u>	<u>\$ 148,000</u>

NORTH DAVIESS 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 Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Recycling Grant	Robotic Grant/ SAIC	Comm Foundation Alt Behavior Ed	LCC High School Drug Free
Cash and investments - beginning	\$ 135,165	\$ 43,621	\$ 739,297	\$ 5,569	\$ 34	\$ 82	\$ -	\$ -
Receipts:								
Local sources	308,196	53,469	641,439	-	-	-	2,450	-
Intermediate sources	-	-	-	113	-	-	-	-
State sources	7,305	36,550	-	-	-	-	-	800
Federal sources	273,018	-	-	-	-	-	-	-
Other	154	-	-	-	-	-	-	-
Total receipts	<u>588,673</u>	<u>90,019</u>	<u>641,439</u>	<u>113</u>	<u>-</u>	<u>-</u>	<u>2,450</u>	<u>800</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	82	2,450	-
Support services	-	141,080	-	-	-	-	-	800
Noninstructional services	567,262	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>567,262</u>	<u>141,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>2,450</u>	<u>800</u>
Excess (deficiency) of receipts over disbursements	<u>21,411</u>	<u>(51,061)</u>	<u>641,439</u>	<u>113</u>	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	7,536	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,536</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>21,411</u>	<u>(43,525)</u>	<u>641,439</u>	<u>113</u>	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 156,576</u>	<u>\$ 96</u>	<u>\$ 1,380,736</u>	<u>\$ 5,682</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH DAVIESS 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)

	Drug Screen Grant Dav Co	2010-11 Non-English Speaking Grant	2011-12 Non-English Speaking Grant	School Technology	21st Century Technology High School	2010-11 High Ability Grant	2011-12 High Ability Grant	Senator David Ford Tech Fund
Cash and investments - beginning	\$ 363	\$ 1,821	\$ -	\$ 14,813	\$ 9,432	\$ 10,402	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	45	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	6,354	23,564	-	-	28,709	15,000
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	6,354	23,564	45	-	28,709	15,000
Disbursements:								
Current:								
Instruction	-	1,821	6,354	23,852	432	10,402	28,709	-
Support services	363	-	-	-	-	-	-	13,037
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	363	1,821	6,354	23,852	432	10,402	28,709	13,037
Excess (deficiency) of receipts over disbursements	(363)	(1,821)	-	(288)	(387)	(10,402)	-	1,963
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(363)	(1,821)	-	(288)	(387)	(10,402)	-	1,963
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 14,525	\$ 9,045	\$ -	\$ -	\$ 1,963

NORTH DAVIESS 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)

	Excess PTRC Distributions	2010-11 Title I	2011-12 Title I	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	2011-13 Title II, Part A Improving Teacher Quality	Rural Schools and Low Income Program Pass Through State	2011-13 Rural Schools and Low Income Grant
Cash and investments - beginning	\$ -	\$ 36,931	\$ -	\$ 235	\$ 119,686	\$ -	\$ -	\$ -
Receipts:								
Local sources	31,643	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	26,731	329,096	86,179	52,061	8,396	54,220	3,556
Other	-	-	-	-	-	-	-	-
Total receipts	<u>31,643</u>	<u>26,731</u>	<u>329,096</u>	<u>86,179</u>	<u>52,061</u>	<u>8,396</u>	<u>54,220</u>	<u>3,556</u>
Disbursements:								
Current:								
Instruction	-	62,537	356,539	87,013	-	11,203	55,820	724
Support services	-	-	3,017	-	174,172	-	-	2,832
Noninstructional services	-	1,125	1,622	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>63,662</u>	<u>361,178</u>	<u>87,013</u>	<u>174,172</u>	<u>11,203</u>	<u>55,820</u>	<u>3,556</u>
Excess (deficiency) of receipts over disbursements	<u>31,643</u>	<u>(36,931)</u>	<u>(32,082)</u>	<u>(834)</u>	<u>(122,111)</u>	<u>(2,807)</u>	<u>(1,600)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>31,643</u>	<u>(36,931)</u>	<u>(32,082)</u>	<u>(834)</u>	<u>(122,111)</u>	<u>(2,807)</u>	<u>(1,600)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 31,643</u>	<u>\$ -</u>	<u>\$ (32,082)</u>	<u>\$ (599)</u>	<u>\$ (2,425)</u>	<u>\$ (2,807)</u>	<u>\$ (1,600)</u>	<u>\$ -</u>

NORTH DAVIESS 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)

	Title III Language Instruction	Title III 10/11 Limited English	Title I Federal Stimulus	Education Jobs	Prepaid School Lunch	Payroll Withholdings	ECA Payroll	Totals
Cash and investments - beginning	\$ -	\$ 2,289	\$ (12,743)	\$ -	\$ 6,491	\$ -	\$ -	\$ 5,509,385
Receipts:								
Local sources	-	-	-	-	-	-	-	4,568,105
Intermediate sources	-	-	-	-	-	-	-	140
State sources	-	-	-	-	-	-	-	7,214,569
Federal sources	4,179	-	19,400	160,823	-	-	-	1,017,659
Other	-	-	-	-	305,491	1,500,371	13,092	1,941,598
Total receipts	4,179	-	19,400	160,823	305,491	1,500,371	13,092	14,742,071
Disbursements:								
Current:								
Instruction	4,734	2,289	906	170,101	-	-	-	6,239,065
Support services	-	-	5,751	-	-	-	-	3,752,369
Noninstructional services	-	-	-	-	-	-	-	739,197
Facilities acquisition and construction	-	-	-	-	-	-	-	281,715
Debt services	-	-	-	-	-	-	-	1,373,116
Nonprogrammed charges	-	-	-	-	307,059	1,500,371	14,997	1,822,427
Total disbursements	4,734	2,289	6,657	170,101	307,059	1,500,371	14,997	14,207,889
Excess (deficiency) of receipts over disbursements	(555)	(2,289)	12,743	(9,278)	(1,568)	-	(1,905)	534,182
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	7,536
Transfers out	-	-	-	-	-	-	-	(7,536)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(555)	(2,289)	12,743	(9,278)	(1,568)	-	(1,905)	534,182
Cash and investments - ending	\$ (555)	\$ -	\$ -	\$ (9,278)	\$ 4,923	\$ -	\$ (1,905)	\$ 6,043,567

NORTH DAVIESS COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Capital Lease	Elementary School Building	\$ 1,194,500	07-10-05	07-10-21
Capital Lease	Energy Savings Contract	<u>126,330</u>	07-17-09	07-15-19
Total of annual lease payments		<u>\$ 1,320,830</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Retirement/Severance	<u>\$ 425,000</u>	<u>\$ 183,448</u>

NORTH DAVIESS COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

***CAPITAL ASSET RECORDS***

Information presented for audit indicated that an adequate record of capital assets was not maintained. An outside company was hired to compile a capital asset inventory report. However, this report was not adequately reviewed to ensure that all capital assets purchased throughout the year were included and reported at the correct cost. In addition, technology equipment additions per this report did not always agree to the inventory maintained by the school personnel.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***FEES (Applies to Jr/Sr High School)***

Fees were charged for approximately 35 classes for Grades 7-12. Some of the fees specifically stated they were for copy paper. Supporting documentation was not available to verify the validity of the fee charged.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The Supreme Court provided in Nagy v. Evansville-Vanderburgh School Corporation, 844 N.E.2d 481 (Ind. 2006). Where the legislature-or through delegation of its authority the State Board has identified programs, activities, projects, services or curricula that it either mandates or permits school corporations to undertake, the legislature has made a policy decision regarding exactly what qualifies as a part of a uniform system of public education commanded by Article 8, Section 1 and thus what qualifies for funding at public expense. And of course the legislature has the authority to place appropriate conditions or limitations on any such funding. <sup>12</sup> However, absent specific statutory authority, fees or charges for what are otherwise public education cost items cannot be levied directly or indirectly against students or their parents. Only programs, activities, projects, services or curricula that are outside of or expand upon those identified by the legislature-what we understand to be "extracurricular"-may be considered as not a part of a publicly-funded education. And thus a reasonable fee may be assessed, but only against those students who participate in or take advantage of them. (The School Administrator and Uniform Compliance Guidelines, Volume 190, June 2010)

***EXTRA-CURRICULAR DISBURSEMENTS (Applies to Jr/Sr High School)***

Several payments were observed which did not contain adequate supporting documentation such as receipts, invoices, and descriptions from the sponsors or treasurers.

Additionally, expenditures were made from the Student Senate Fund (General Fund) for office supplies and the Purchase Order and Accounts Payable Voucher (SA-1) and Claim for Payment (SA-7) frequently lacked a signature of the person authorized to purchase for the particular activity concerned.

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)

NORTH DAVIESS COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

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.).

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

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

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

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)

A similar comment appeared in prior Report B38454.

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 NORTH DAVIESS COMMUNITY SCHOOLS, DAVIESS COUNTY, INDIANA

Compliance

We have audited the North Daviess 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. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

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

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

February 11, 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.

NORTH DAVIESS 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
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 48,620	\$ -
FY 10-11			-	66,107
FY 11-12			-	-
National School Lunch Program	10.555		217,478	-
FY 10-11			-	-
FY 11-12			-	244,256
Total for federal grantor agency			<u>266,098</u>	<u>310,363</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	10-1375	110,970	-
		11-1375	367,569	63,661
		12-1375	-	361,178
Total for program			<u>478,539</u>	<u>424,839</u>
ARRA - Title I Grants to Local Educational Agencies	84.389		142,175	6,657
FY 09-10			-	-
Total for cluster			<u>620,714</u>	<u>431,496</u>
Educational Technology State Grants Cluster				
Education Technology State Grants	84.318		10,359	174,172
FY 2011-2012			-	-
Pass-Through Evansville Vanderburgh School Corporation				
ARRA - Education Technology State Grants	84.386	S386A090014	43,471	-
Total for cluster			<u>53,830</u>	<u>174,172</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186	09-1375	1,541	-
Rural Education				
FY 10	84.358		-	55,820
FY 11			-	3,556
Total for program			<u>-</u>	<u>59,376</u>
English Language Acquisition State Grants	84.365	0111-011-PN01	9,051	2,289
		62620/59K00	3,482	-
		01112-011-PN01	-	4,734
Total for program			<u>12,533</u>	<u>7,023</u>
Improving Teacher Quality State Grants	84.367	09-1375	47,310	-
		10-1375	25,765	86,413
		11-1375	-	11,203
Total for program			<u>73,075</u>	<u>97,616</u>
Education Jobs Fund	84.410		44,407	170,101
Total for federal grantor agency			<u>761,693</u>	<u>769,683</u>
Total federal awards expended			<u>\$ 1,072,198</u>	<u>\$ 1,250,147</u>

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

NORTH DAVIESS 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 North Daviess 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
National School Lunch Program	10.555	\$ 24,821	\$ 28,694
School Breakfast Program	10.553	5,488	7,786



NORTH DAVIESS COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2012-1 - EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agency: U.S. Department of Education

Federal Program: Education Technology State Grants, ARRA - Education Technology State Grants

FDA Number: 84.318 and 84.386

Federal Award Number and Year (or Other Identifying Number): FY 2011-2012 AND ARRA-S386A0900014

Pass-Through Entity: Indiana Department of Education (for FY 2011-2012) and Evansville Vanderburgh School Corporation (for ARRA- S386A0900014)

The School Corporation did not maintain adequate records that identify equipment and other property acquired with federal monies. No system existed to provide separated identification for items acquired with federal and non-federal funds. Although a physical annual inventory of capital assets was taken, not all equipment purchases were included on the inventory. Equipment purchases during the audit period represent 59.2 percent and 28.4 percent of grant expenditures for the FY 2011-2012 and ARRA-S386A0900014 projects, respectively. No internal control system existed to ensure the requirements related to equipment management were met.

34 CFR 80.32 states in part:

"(d) . . . Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements: (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

OMB Circular A-133 section .300 (b) states: "The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that School Corporation design and properly monitor procedures that would ensure accurate detailed fixed asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.



CORRECTIVE ACTION PLAN

Finding No. 2012-1 Equipment and Real Property Management

Glenda O'Connor  
Treasurer, North Daviess Community Schools  
812-636-8000 ext. 1001

Federal Agency: U.S. Department of Education  
Federal Program: Education Technology State Grants Cluster  
CFDA Number: 84.318 and 84.386  
Federal Award Number and Year (or Other Identifying Number): FY 2011-2012 and ARRA-S386A0900014  
Pass-Through Entity: Indiana Department of Education (for FY 2011-2012) and Evansville Vanderburgh School Corporation (for ARRA-S386A0900014)

Effective immediately the school corporation will now properly monitor and ensure the accuracy of fixed asset records and inventories of property and equipment. The asset records will be reconciled to the capital asset ledger. Any assets acquired with federal funds will be designated as such.



Glenda O'Connor,  
Treasurer  
January 29, 2013

NORTH DAVIESS COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2013, with Robert W. Bell, Superintendent of Schools; Glenda O'Connor, Treasurer; and Richard Woodruff, President of the School Board.