

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP  
MARION COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
08/01/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's 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 .....	6-7
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement.....	12-17
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-41
Schedule of Payables and Receivables .....	42
Schedule of Leases and Debt .....	43
Schedule of Capital Assets.....	45
Audit Results and Comments: Overdrawn Cash Balances.....	46
Average Daily Membership (ADM) - Incorrect Reporting to the State/Lack of Records .....	46-47
Internal Controls .....	47
Compensation and Benefits .....	47
Travel Policy .....	47
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	50-52
Schedule of Expenditures of Federal Awards .....	54-55
Notes to Schedule of Expenditures of Federal Awards.....	56
Schedule of Findings and Questioned Costs .....	57-65
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings .....	66
Corrective Action Plan.....	67-73
Exit Conference.....	74
Official Response .....	75-76

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	W. Kirk Farmer	07-01-11 to 06-30-14
Superintendent of Schools	Donald H. Stinson Dr. Debbie Sullivan Nathan S. Davis (Interim) Dr. Matt Prusiecki	07-01-11 to 06-30-12 07-01-12 to 07-19-13 07-20-13 to 08-26-13 08-27-13 to 06-30-14
President of the School Board	Donald L. Huffman Dale Henson Judith Collins	07-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP, MARION COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Metropolitan School District of Decatur Township (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

***Opinion on Regulatory Basis of Accounting***

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2014, 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* in considering the School Corporation's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

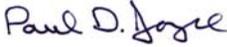
Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of 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 records 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

*Other Information*

The School Corporation's response to the Audit Results and Comments 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.

  
Paul D. Joyce, CPA  
State Examiner

May 22, 2014



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INDEPENDENT AUDITOR'S 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 METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP, MARION COUNTY, INDIANA

We have audited, 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, the financial statement of the Metropolitan School District of Decatur Township (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated May 22, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S 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***

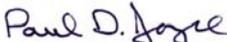
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

***Metropolitan School District of Decatur Township's Response to Findings***

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

May 22, 2014

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## 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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013

Fund	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 1,366,939	\$ 42,081,189	\$ 39,263,346	\$ (3,073,148)	\$ 1,111,634	\$ 42,986,238	\$ 42,109,683	\$ (951,891)	\$ 1,036,298
Debt Service	1,049,807	12,786,239	12,400,104	(75,903)	1,360,039	14,486,968	13,793,269	2,603	2,056,341
Retirement/Severance Bond Debt Service	86,045	558,117	774,154	129,992	-	547,557	777,417	229,860	-
Capital Projects	3,817,833	3,224,057	5,626,667	916,499	2,331,722	3,200,731	5,207,986	1,363,629	1,688,096
School Transportation	418,456	2,277,490	1,747,137	203,504	1,152,313	2,200,092	3,943,690	1,284,820	693,535
School Bus Replacement	148,411	595,787	144,000	(600,000)	198	228,875	32,551	(196,522)	-
Rainy Day	4,648,438	-	3,663,981	2,621,093	3,605,550	-	3,632,666	810,475	783,359
Technology GO Bond 2011	-	-	933,617	1,984,256	1,050,639	-	1,048,139	(2,500)	-
Safekeeping	1,031,386	361,460	1,030,136	1,000	363,710	504	364,214	-	-
School Lunch	964,444	4,557,854	4,668,117	(35,000)	819,181	4,663,170	4,648,892	-	833,459
Textbook Rental	(121,514)	682,265	728,687	75,943	(91,993)	662,278	532,246	926	38,965
Alternative Education	-	30,749	41,854	11,105	-	-	-	-	-
Alternative Education 2013	-	-	-	-	-	41,279	30,347	-	10,932
School Library Printed Material	240	-	240	-	-	-	-	-	-
SAFE School Haven	-	9,500	9,424	-	76	-	76	-	-
Early Intervention Grant	-	16,428	12,778	-	3,650	-	3,650	-	-
Pepsi	6,451	-	6,451	-	-	-	-	-	-
Connect 8	73,356	-	44,192	-	29,164	-	29,164	-	-
American Bottling	7,500	8,000	16,408	908	-	31,000	22,592	(908)	7,500
Challenger Scholarship	-	15,190	2,400	-	12,790	-	12,790	-	-
Lowe's Engineering Grant	-	2,000	-	-	2,000	-	816	-	1,184
Challenger Learning Center	(764,594)	66,454	(507)	297,410	(400,223)	107,119	1,750	300,000	5,146
Scholarships and Awards	1,004	-	-	-	1,004	-	-	-	1,004
Eugene Smith Scholarship	49,236	-	3,015	-	46,221	-	2,000	-	44,221
Richard H. Crosser Scholarship	-	4,200	2,500	-	1,700	1,800	2,700	-	800
DTEF Small Grants	-	-	-	-	-	2,000	-	(2,000)	-
Buddy Family Backpack	214	-	-	-	214	-	214	-	-
Campus Landscaping	1,000	-	-	(1,000)	-	-	-	-	-
College Readiness Grant	-	75,000	11,395	-	63,605	225	63,830	-	-
Clarke Special Ed Donation	6,997	-	-	-	6,997	-	1,464	-	5,533
Computer Integrated Manufacturing	-	5,000	-	-	5,000	-	-	-	5,000
IU East Asian Studies	-	-	-	-	-	300	-	-	300
Jordan Fundamentals Nike Grant	210	-	-	(210)	-	-	-	-	-
CICF College Readiness 2013-14	-	-	-	-	-	75,000	20,463	-	54,537
Lumina Grant 2010-2011	2,296	5,638	5,570	-	2,364	-	2,364	-	-
Remediation 2011-2012	26,016	-	39,024	13,008	-	-	-	-	-
Library Grant 12-13	-	-	-	-	-	9,500	8,300	-	1,200
Retirement Banquet	1,168	-	-	-	1,168	-	1,168	-	-
Economic Education Mini Grant	15,410	-	6,141	-	9,269	25	650	(8,644)	-
Medicaid Reimbursement	-	51,411	2,537	-	48,874	221,567	42,846	(28,387)	199,208
Early Childhood Center Preschool	-	161,557	169,945	8,388	-	176,499	132,577	(17,695)	26,227
Non-English Speaking Programs P.L. 273-1999	-	24,242	24,317	75	-	-	(75)	(75)	-
ESL/State Grant	284	-	284	-	-	-	-	-	-
NESP Grant 2012-13	-	-	-	-	-	23,850	23,850	-	-
School Technology	15,392	26,171	12,384	-	29,179	3,621	3,135	(20,000)	9,665

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013  
(Continued)

Fund	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
College Readiness Fund	4,169	-	4,169	-	-	-	-	-	-
Ace Academy Cell Design and Prep	30,346	-	-	-	30,346	-	30,346	-	-
State High Ability Grant	-	50,646	50,646	-	-	-	-	-	-
High Ability 2012-13	-	-	-	-	-	52,744	52,441	-	303
New Tech Grant	4,697	-	1,306	-	3,391	-	3,391	-	-
Ivy Tech Grant	2,286	5,000	7,286	-	-	-	-	-	-
GQE Remediation 2013-14	-	-	-	-	-	32,905	-	-	32,905
Preventive Remediation 2013-14	-	-	-	-	-	25,185	-	-	25,185
GQE Remediation*2010-2011	25,544	-	25,544	-	-	-	-	-	-
Project Based Learning	3,515	-	2,145	-	1,370	-	180	-	1,190
Refund of Insurance	136,233	3,925	46,194	-	93,964	-	45,868	-	48,096
Liability Insurance Claim	8,881	20,480	27,068	-	2,293	10,542	10,089	-	2,746
Preventive Remediation 2012-13	-	-	-	-	-	34,948	34,948	-	-
GQE Remediation Grant 2012-13	-	-	-	-	-	36,084	30,170	-	5,914
One on One Tech Initiative	-	-	-	-	-	28,422	713	-	27,709
Title I	178,825	173,276	300,235	(51,801)	65	-	-	(65)	-
Title I 2011-2012	-	900,965	1,147,651	-	(246,686)	585,370	338,684	-	-
Title I 2012-2013	-	-	-	-	-	1,025,219	1,177,690	-	(152,471)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	70,000	70,000	-	-
Special Ed Improvement 2013	-	-	-	-	-	-	3,069	-	(3,069)
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	4,888	-	-	-	4,888	-	4,888	-	-
PLTW Pre-Engineering 2010-2011	-	15,000	-	(15,000)	-	-	-	-	-
PLTW Bio Medical 2011-2012	-	8,334	5,134	(3,200)	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	25,603	41,972	-	(16,369)	74,887	65,265	-	(6,747)
Title II Part A: Improving Teacher Quality	-	120,932	97,388	(36,303)	(12,759)	55,004	42,245	-	-
Title II Part A 2012-2014	-	-	-	-	-	4,936	6,559	-	(1,623)
Title II Part A NCLB	5,323	22,500	23,785	(4,038)	-	-	-	-	-
Title III, Language Instruction	-	16,454	29,975	-	(13,521)	12,314	(1,207)	-	-
Title III LEP 2010-2011	-	9,152	-	(9,152)	-	-	-	-	-
Title III ESL 2012-13	-	-	-	-	-	28,271	31,049	-	(2,778)
Title II Part B Math and Science Partnership	-	164,981	107,454	(57,527)	-	-	-	-	-
Math & Science Partnership (Sc	-	313,142	195,447	(149,376)	(31,681)	253,205	228,354	-	(6,830)
MSP (Science) 2012-13	-	-	-	-	-	94,466	98,755	-	(4,289)
Teacher Incentive Fund	34	123,258	186,000	-	(62,708)	305,110	242,402	-	-
Teacher Incentive Grant 12/13	-	-	-	-	-	232,303	258,306	-	(26,003)
Star Schools Taking Action HS	1,928	-	1,928	-	-	-	-	-	-
Title I - Grants to LEAs	-	10,461	10,689	228	-	-	-	-	-
Special Education - Part B	170,202	4,500	174,702	-	-	-	-	-	-
Education Technology	-	28,765	28,765	-	-	-	-	-	-
New Technology Grants	-	125,000	609	-	124,391	-	58,961	-	65,430
Education Jobs	-	1,222,511	1,222,511	-	-	24,962	24,962	-	-
Payroll Withholdings	(4,363)	11,467,186	11,313,424	-	149,399	11,203,731	11,221,629	-	131,501
Totals	<u>\$ 13,424,933</u>	<u>\$ 82,458,069</u>	<u>\$ 86,442,325</u>	<u>\$ 2,151,751</u>	<u>\$ 11,592,428</u>	<u>\$ 83,860,806</u>	<u>\$ 90,577,181</u>	<u>\$ 2,763,626</u>	<u>\$ 7,639,679</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
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 Indiana 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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
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.

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

Other receipts which include amounts received from various sources which include 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, 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:

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

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' 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 Capitol 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.

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of either the correction of errors from prior periods or a payroll posting correction that was made after a grant was completed.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of either the School Corporation not receiving reimbursement for textbooks from the State of Indiana by June 30, 2012, a school program costing more than school fees collected for several years, or funds being set up for reimbursable grants in which the reimbursements for expenditures made by the School Corporation were not received by June 30, 2012, or June 30, 2013.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporations***

The School Corporation has entered into a capital lease with Decatur Township Middle School Building Corp (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 2011-2012 and 2012-2013 totaled \$764,800 and \$763,700, respectively.

The School Corporation has entered into a capital lease with Decatur Township Multi-School Building Corp (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 2011-2012 and 2012-2013 totaled \$10,817,434 and \$11,479,027, respectively.

**Note 10. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 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	Technology GO Bond 2011
Cash and investments - beginning	\$ 1,366,939	\$ 1,049,807	\$ 86,045	\$ 3,817,833	\$ 418,456	\$ 148,411	\$ 4,648,438	\$ -
Receipts:								
Local sources	442,815	12,786,239	558,117	3,224,057	2,154,456	595,787	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	41,638,374	-	-	-	123,034	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>42,081,189</u>	<u>12,786,239</u>	<u>558,117</u>	<u>3,224,057</u>	<u>2,277,490</u>	<u>595,787</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	27,292,798	-	-	-	-	-	455,000	-
Support services	11,471,467	1,806	-	2,544,296	1,745,991	144,000	1,795,683	505,934
Noninstructional services	484,624	-	-	-	-	-	-	-
Facilities acquisition and construction	14,457	-	-	1,611,452	1,146	-	-	427,683
Debt services	-	12,398,298	774,154	1,470,919	-	-	1,413,298	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>39,263,346</u>	<u>12,400,104</u>	<u>774,154</u>	<u>5,626,667</u>	<u>1,747,137</u>	<u>144,000</u>	<u>3,663,981</u>	<u>933,617</u>
Excess (deficiency) of receipts over disbursements	<u>2,817,843</u>	<u>386,135</u>	<u>(216,037)</u>	<u>(2,402,610)</u>	<u>530,353</u>	<u>451,787</u>	<u>(3,663,981)</u>	<u>(933,617)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,984,256
Sale of capital assets	-	-	-	16,707	151,703	-	-	-
Transfers in	491,796	-	129,992	913,206	51,801	-	2,800,000	-
Transfers out	<u>(3,564,944)</u>	<u>(75,903)</u>	<u>-</u>	<u>(13,414)</u>	<u>-</u>	<u>(600,000)</u>	<u>(178,907)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,073,148)</u>	<u>(75,903)</u>	<u>129,992</u>	<u>916,499</u>	<u>203,504</u>	<u>(600,000)</u>	<u>2,621,093</u>	<u>1,984,256</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(255,305)</u>	<u>310,232</u>	<u>(86,045)</u>	<u>(1,486,111)</u>	<u>733,857</u>	<u>(148,213)</u>	<u>(1,042,888)</u>	<u>1,050,639</u>
Cash and investments - ending	<u>\$ 1,111,634</u>	<u>\$ 1,360,039</u>	<u>\$ -</u>	<u>\$ 2,331,722</u>	<u>\$ 1,152,313</u>	<u>\$ 198</u>	<u>\$ 3,605,550</u>	<u>\$ 1,050,639</u>

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

	Safekeeping	School Lunch	Textbook Rental	Alternative Education	Alternative Education 2013	School Library Printed Material	SAFE School Haven	Early Intervention Grant
Cash and investments - beginning	\$ 1,031,386	\$ 964,444	\$ (121,514)	\$ -	\$ -	\$ 240	\$ -	\$ -
Receipts:								
Local sources	361,460	1,805,315	385,429	-	-	-	9,500	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	23,987	296,836	30,749	-	-	-	16,428
Federal sources	-	2,728,552	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	361,460	4,557,854	682,265	30,749	-	-	9,500	16,428
Disbursements:								
Current:								
Instruction	12,800	-	106,510	41,854	-	-	-	-
Support services	62,232	679,636	622,177	-	-	240	9,424	-
Noninstructional services	776	3,839,589	-	-	-	-	-	-
Facilities acquisition and construction	954,328	142,292	-	-	-	-	-	12,778
Debt services	-	6,600	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,030,136	4,668,117	728,687	41,854	-	240	9,424	12,778
Excess (deficiency) of receipts over disbursements	(668,676)	(110,263)	(46,422)	(11,105)	-	(240)	76	3,650
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	1,004	-	-	-	-	-
Transfers in	1,000	250,000	77,698	11,105	-	-	-	-
Transfers out	-	(285,000)	(2,759)	-	-	-	-	-
Total other financing sources (uses)	1,000	(35,000)	75,943	11,105	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(667,676)	(145,263)	29,521	-	-	(240)	76	3,650
Cash and investments - ending	\$ 363,710	\$ 819,181	\$ (91,993)	\$ -	\$ -	\$ -	\$ 76	\$ 3,650

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

	Pepsi	Connect 8	American Bottling	Challenger Scholarship	Lowe's Engineering Grant	Challenger Learning Center	Scholarships and Awards	Eugene Smith Scholarship
Cash and investments - beginning	\$ 6,451	\$ 73,356	\$ 7,500	\$ -	\$ -	\$ (764,594)	\$ 1,004	\$ 49,236
Receipts:								
Local sources	-	-	8,000	15,190	-	66,454	-	-
Intermediate sources	-	-	-	-	2,000	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	8,000	15,190	2,000	66,454	-	-
Disbursements:								
Current:								
Instruction	-	44,192	-	-	-	(600)	-	-
Support services	6,451	-	16,408	-	-	93	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,400	-	-	-	3,015
Total disbursements	6,451	44,192	16,408	2,400	-	(507)	-	3,015
Excess (deficiency) of receipts over disbursements	(6,451)	(44,192)	(8,408)	12,790	2,000	66,961	-	(3,015)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	908	-	-	750,000	-	-
Transfers out	-	-	-	-	-	(452,590)	-	-
Total other financing sources (uses)	-	-	908	-	-	297,410	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,451)	(44,192)	(7,500)	12,790	2,000	364,371	-	(3,015)
Cash and investments - ending	\$ -	\$ 29,164	\$ -	\$ 12,790	\$ 2,000	\$ (400,223)	\$ 1,004	\$ 46,221

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

	Richard H. Crosser Scholarship	DTEF Small Grants	Buddy Family Backpack	Campus Landscaping	College Readiness Grant	Clarke Special Ed Donation	Computer Integrated Manufacturing	IU East Asian Studies
Cash and investments - beginning	\$ -	\$ -	\$ 214	\$ 1,000	\$ -	\$ 6,997	\$ -	\$ -
Receipts:								
Local sources	4,200	-	-	-	75,000	-	5,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	9,651	-	-	-
Support services	-	-	-	-	1,050	-	-	-
Noninstructional services	-	-	-	-	694	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,605</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	13,320	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>(13,320)</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>63,605</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 63,605</u>	<u>\$ 6,997</u>	<u>\$ 5,000</u>	<u>\$ -</u>

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

	Jordan Fundamentals Nike Grant	CICF College Readiness 2013-14	Lumina Grant 2010-2011	Remediation 2011-2012	Library Grant 12-13	Retirement Banquet	Economic Education Mini Grant	Medicaid Reimbursement
Cash and investments - beginning	\$ 210	\$ -	\$ 2,296	\$ 26,016	\$ -	\$ 1,168	\$ 15,410	\$ -
Receipts:								
Local sources	-	-	5,638	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	51,411
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	5,638	-	-	-	-	51,411
Disbursements:								
Current:								
Instruction	-	-	3,264	39,024	-	-	-	-
Support services	-	-	2,306	-	-	-	6,141	2,537
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	5,570	39,024	-	-	6,141	2,537
Excess (deficiency) of receipts over disbursements	-	-	68	(39,024)	-	-	(6,141)	48,874
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	13,008	-	-	-	-
Transfers out	(210)	-	-	-	-	-	-	-
Total other financing sources (uses)	(210)	-	-	13,008	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(210)	-	68	(26,016)	-	-	(6,141)	48,874
Cash and investments - ending	\$ -	\$ -	\$ 2,364	\$ -	\$ -	\$ 1,168	\$ 9,269	\$ 48,874

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

	Early Childhood Center Preschool	Non-English Speaking Programs P.L. 273-1999	ESL/State Grant	NESP Grant 2012-13	School Technology	College Readiness Fund	Ace Academy Cell Design and Prep	State High Ability Grant
Cash and investments - beginning	\$ -	\$ -	\$ 284	\$ -	\$ 15,392	\$ 4,169	\$ 30,346	\$ -
Receipts:								
Local sources	161,557	-	-	-	25,349	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	24,242	-	-	822	-	-	50,646
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	161,557	24,242	-	-	26,171	-	-	50,646
Disbursements:								
Current:								
Instruction	167,345	23,380	204	-	-	-	-	50,646
Support services	2,600	937	80	-	12,384	4,169	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	169,945	24,317	284	-	12,384	4,169	-	50,646
Excess (deficiency) of receipts over disbursements	(8,388)	(75)	(284)	-	13,787	(4,169)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	24,308	75	-	-	-	-	-	-
Transfers out	(15,920)	-	-	-	-	-	-	-
Total other financing sources (uses)	8,388	75	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(284)	-	13,787	(4,169)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 29,179	\$ -	\$ 30,346	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 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 2012-13	New Tech Grant	Ivy Tech Grant	GQE Remediation 2013-14	Preventive Remediation 2013-14	GQE Remediation* 2010-2011	Project Based Learning	Refund of Insurance
Cash and investments - beginning	\$ -	\$ 4,697	\$ 2,286	\$ -	\$ -	\$ 25,544	\$ 3,515	\$ 136,233
Receipts:								
Local sources	-	-	5,000	-	-	-	-	3,925
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	5,000	-	-	-	-	3,925
Disbursements:								
Current:								
Instruction	-	-	7,286	-	-	22,794	-	40,481
Support services	-	1,306	-	-	-	2,750	2,145	5,713
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,306	7,286	-	-	25,544	2,145	46,194
Excess (deficiency) of receipts over disbursements	-	(1,306)	(2,286)	-	-	(25,544)	(2,145)	(42,269)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	(1,306)	(2,286)	-	-	(25,544)	(2,145)	(42,269)
Cash and investments - ending	\$ -	\$ 3,391	\$ -	\$ -	\$ -	\$ -	\$ 1,370	\$ 93,964

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

	Liability Insurance Claim	Preventive Remediation 2012-13	GQE Remediation Grant 2012-13	One on One Tech Initiative	Title I	Title I 2011-2012	Title I 2012-2013	(IDEA, Part B) LEA Capacity Building (Silver) Grants
Cash and investments - beginning	\$ 8,881	\$ -	\$ -	\$ -	\$ 178,825	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	173,276	900,965	-	-
Other	20,480	-	-	-	-	-	-	-
Total receipts	20,480	-	-	-	173,276	900,965	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	112,770	591,467	-	-
Support services	24,927	-	-	-	181,938	534,837	-	-
Noninstructional services	-	-	-	-	5,527	21,347	-	-
Facilities acquisition and construction	2,141	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	27,068	-	-	-	300,235	1,147,651	-	-
Excess (deficiency) of receipts over disbursements	(6,588)	-	-	-	(126,959)	(246,686)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(51,801)	-	-	-
Total other financing sources (uses)	-	-	-	-	(51,801)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,588)	-	-	-	(178,760)	(246,686)	-	-
Cash and investments - ending	\$ 2,293	\$ -	\$ -	\$ -	\$ 65	\$ (246,686)	\$ -	\$ -

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

	Special Ed Improvement 2013	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	PLTW Pre-Engineering 2010-2011	PLTW Bio Medical 2011-2012	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A: Improving Teacher Quality	Title II Part A 2012-2014	Title II Part A NCLB
Cash and investments - beginning	\$ -	\$ 4,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,323
Receipts:								
Local sources	-	-	-	8,334	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	15,000	-	25,603	120,932	-	22,500
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	15,000	8,334	25,603	120,932	-	22,500
Disbursements:								
Current:								
Instruction	-	-	-	1,428	-	97,388	-	-
Support services	-	-	-	3,706	41,972	-	-	23,785
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	5,134	41,972	97,388	-	23,785
Excess (deficiency) of receipts over disbursements	-	-	15,000	3,200	(16,369)	23,544	-	(1,285)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(15,000)	(3,200)	-	(36,303)	-	(4,038)
Total other financing sources (uses)	-	-	(15,000)	(3,200)	-	(36,303)	-	(4,038)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(16,369)	(12,759)	-	(5,323)
Cash and investments - ending	\$ -	\$ 4,888	\$ -	\$ -	\$ (16,369)	\$ (12,759)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 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 LEP 2010-2011	Title III ESL 2012-13	Title II Part B Math and Science Partnership	Math & Science Partnership (Sc	MSP (Science) 2012-13	Teacher Incentive Fund	Teacher Incentive Grant 12/13
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ -
Receipts:								
Local sources	-	-	-	3	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	16,454	9,152	-	164,978	313,142	-	123,258	-
Other	-	-	-	-	-	-	-	-
Total receipts	16,454	9,152	-	164,981	313,142	-	123,258	-
Disbursements:								
Current:								
Instruction	29,975	-	-	-	2,550	-	148,366	-
Support services	-	-	-	105,469	192,897	-	37,634	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,985	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	29,975	-	-	107,454	195,447	-	186,000	-
Excess (deficiency) of receipts over disbursements	(13,521)	9,152	-	57,527	117,695	-	(62,742)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(9,152)	-	(57,527)	(149,376)	-	-	-
Total other financing sources (uses)	-	(9,152)	-	(57,527)	(149,376)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,521)	-	-	-	(31,681)	-	(62,742)	-
Cash and investments - ending	\$ (13,521)	\$ -	\$ -	\$ -	\$ (31,681)	\$ -	\$ (62,708)	\$ -

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

	Star Schools Taking Action HS	Title I - Grants to LEAs	Special Education - Part B	Education Technology	New Technology Grants	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 1,928	\$ -	\$ 170,202	\$ -	\$ -	\$ -	\$ (4,363)	\$ 13,424,933
Receipts:								
Local sources	-	-	4,500	-	-	-	-	22,711,325
Intermediate sources	-	-	-	-	-	-	-	2,000
State sources	-	-	-	-	-	-	-	42,256,529
Federal sources	-	10,461	-	28,765	125,000	1,222,511	-	6,000,549
Other	-	-	-	-	-	-	11,467,186	11,487,666
Total receipts	-	10,461	4,500	28,765	125,000	1,222,511	11,467,186	82,458,069
Disbursements:								
Current:								
Instruction	-	3,579	86,492	6,000	-	1,222,511	-	30,619,155
Support services	1,928	-	26,759	22,765	609	-	-	20,849,182
Noninstructional services	-	-	-	-	-	-	-	4,352,557
Facilities acquisition and construction	-	-	61,451	-	-	-	-	3,229,713
Debt services	-	-	-	-	-	-	-	16,063,269
Nonprogrammed charges	-	7,110	-	-	-	-	11,313,424	11,328,449
Total disbursements	1,928	10,689	174,702	28,765	609	1,222,511	11,313,424	86,442,325
Excess (deficiency) of receipts over disbursements	(1,928)	(228)	(170,202)	-	124,391	-	153,762	(3,984,256)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,984,256
Sale of capital assets	-	-	-	-	-	-	-	169,414
Transfers in	-	228	-	-	-	-	-	5,528,445
Transfers out	-	-	-	-	-	-	-	(5,530,364)
Total other financing sources (uses)	-	228	-	-	-	-	-	2,151,751
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,928)	-	(170,202)	-	124,391	-	153,762	(1,832,505)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 124,391	\$ -	\$ 149,399	\$ 11,592,428

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Technology GO Bond 2011
Cash and investments - beginning	\$ 1,111,634	\$ 1,360,039	\$ -	\$ 2,331,722	\$ 1,152,313	\$ 198	\$ 3,605,550	\$ 1,050,639
Receipts:								
Local sources	866,492	12,430,627	547,557	3,200,671	2,086,941	228,875	-	-
State sources	42,117,193	-	-	-	113,107	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	2,056,341	-	-	-	-	-	-
Other	2,553	-	-	60	44	-	-	-
Total receipts	<u>42,986,238</u>	<u>14,486,968</u>	<u>547,557</u>	<u>3,200,731</u>	<u>2,200,092</u>	<u>228,875</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	29,109,028	-	-	-	-	-	-	-
Support services	12,567,808	3,500	-	1,335,090	2,705,945	32,551	27,000	554,400
Noninstructional services	432,847	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,412,896	2,745	-	-	493,739
Debt services	-	13,789,769	777,417	2,460,000	1,235,000	-	3,605,666	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>42,109,683</u>	<u>13,793,269</u>	<u>777,417</u>	<u>5,207,986</u>	<u>3,943,690</u>	<u>32,551</u>	<u>3,632,666</u>	<u>1,048,139</u>
Excess (deficiency) of receipts over disbursements	<u>876,555</u>	<u>693,699</u>	<u>(229,860)</u>	<u>(2,007,255)</u>	<u>(1,743,598)</u>	<u>196,324</u>	<u>(3,632,666)</u>	<u>(1,048,139)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	1,273,231	1,284,820	-	-	-
Transfers in	236,250	2,603	359,852	89,008	-	2,500	861,474	-
Transfers out	(1,188,141)	-	(129,992)	1,390	-	(199,022)	(50,999)	(2,500)
Total other financing sources (uses)	<u>(951,891)</u>	<u>2,603</u>	<u>229,860</u>	<u>1,363,629</u>	<u>1,284,820</u>	<u>(196,522)</u>	<u>810,475</u>	<u>(2,500)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(75,336)</u>	<u>696,302</u>	<u>-</u>	<u>(643,626)</u>	<u>(458,778)</u>	<u>(198)</u>	<u>(2,822,191)</u>	<u>(1,050,639)</u>
Cash and investments - ending	<u>\$ 1,036,298</u>	<u>\$ 2,056,341</u>	<u>\$ -</u>	<u>\$ 1,688,096</u>	<u>\$ 693,535</u>	<u>\$ -</u>	<u>\$ 783,359</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Safekeeping	School Lunch	Textbook Rental	Alternative Education	Alternative Education 2013	School Library Printed Material	SAFE School Haven	Early Intervention Grant
Cash and investments - beginning	\$ 363,710	\$ 819,181	\$ (91,993)	\$ -	\$ -	\$ -	\$ 76	\$ 3,650
Receipts:								
Local sources	504	2,166,503	367,995	-	-	-	-	-
State sources	-	23,956	294,283	-	41,279	-	-	-
Federal sources	-	2,472,711	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	504	4,663,170	662,278	-	41,279	-	-	-
Disbursements:								
Current:								
Instruction	-	-	155,655	-	30,347	-	-	1,050
Support services	89,709	1,176,236	376,591	-	-	-	76	-
Noninstructional services	-	3,367,618	-	-	-	-	-	-
Facilities acquisition and construction	274,505	97,513	-	-	-	-	-	2,600
Debt services	-	7,525	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	364,214	4,648,892	532,246	-	30,347	-	76	3,650
Excess (deficiency) of receipts over disbursements	(363,710)	14,278	130,032	-	10,932	-	(76)	(3,650)
Other financing sources (uses):								
Sale of capital assets	-	-	926	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	926	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(363,710)	14,278	130,958	-	10,932	-	(76)	(3,650)
Cash and investments - ending	\$ -	\$ 833,459	\$ 38,965	\$ -	\$ 10,932	\$ -	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Pepsi	Connect 8	American Bottling	Challenger Scholarship	Lowe's Engineering Grant	Challenger Learning Center	Scholarships and Awards	Eugene Smith Scholarship
Cash and investments - beginning	\$ -	\$ 29,164	\$ -	\$ 12,790	\$ 2,000	\$ (400,223)	\$ 1,004	\$ 46,221
Receipts:								
Local sources	-	-	31,000	-	-	102,706	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	4,413	-	-
Total receipts	-	-	31,000	-	-	107,119	-	-
Disbursements:								
Current:								
Instruction	-	29,164	-	-	816	-	-	-
Support services	-	-	22,592	-	-	1,750	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	12,790	-	-	-	2,000
Total disbursements	-	29,164	22,592	12,790	816	1,750	-	2,000
Excess (deficiency) of receipts over disbursements	-	(29,164)	8,408	(12,790)	(816)	105,369	-	(2,000)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	300,000	-	-
Transfers out	-	-	(908)	-	-	-	-	-
Total other financing sources (uses)	-	-	(908)	-	-	300,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(29,164)	7,500	(12,790)	(816)	405,369	-	(2,000)
Cash and investments - ending	\$ -	\$ -	\$ 7,500	\$ -	\$ 1,184	\$ 5,146	\$ 1,004	\$ 44,221

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Richard H. Crosser Scholarship	DTEF Small Grants	Buddy Family Backpack	Campus Landscaping	College Readiness Grant	Clarke Special Ed Donation	Computer Integrated Manufacturing	IU East Asian Studies
Cash and investments - beginning	\$ 1,700	\$ -	\$ 214	\$ -	\$ 63,605	\$ 6,997	\$ 5,000	\$ -
Receipts:								
Local sources	1,800	2,000	-	-	225	-	-	300
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,800</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>-</u>	<u>300</u>
Disbursements:								
Current:								
Instruction	-	-	214	-	26,916	1,464	-	-
Support services	-	-	-	-	36,025	-	-	-
Noninstructional services	-	-	-	-	889	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,700	-	-	-	-	-	-	-
Total disbursements	<u>2,700</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>63,830</u>	<u>1,464</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(900)</u>	<u>2,000</u>	<u>(214)</u>	<u>-</u>	<u>(63,605)</u>	<u>(1,464)</u>	<u>-</u>	<u>300</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	5,000	-	-	-	-	-	-
Transfers out	-	(7,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,000)</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>(900)</u>	<u>-</u>	<u>(214)</u>	<u>-</u>	<u>(63,605)</u>	<u>(1,464)</u>	<u>-</u>	<u>300</u>
Cash and investments - ending	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533</u>	<u>\$ 5,000</u>	<u>\$ 300</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Jordan Fundamentals Nike Grant	CICF College Readiness 2013-14	Lumina Grant 2010-2011	Remediation 2011-2012	Library Grant 12-13	Retirement Banquet	Economic Education Mini Grant	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ 2,364	\$ -	\$ -	\$ 1,168	\$ 9,269	\$ 48,874
Receipts:								
Local sources	-	75,000	-	-	9,500	-	-	-
State sources	-	-	-	-	-	-	-	221,567
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	25	-
Total receipts	-	75,000	-	-	9,500	-	25	221,567
Disbursements:								
Current:								
Instruction	-	-	1,150	-	-	-	-	-
Support services	-	20,463	1,214	-	7,464	1,168	650	42,846
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	836	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	20,463	2,364	-	8,300	1,168	650	42,846
Excess (deficiency) of receipts over disbursements	-	54,537	(2,364)	-	1,200	(1,168)	(625)	178,721
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(8,644)	(28,387)
Total other financing sources (uses)	-	-	-	-	-	-	(8,644)	(28,387)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	54,537	(2,364)	-	1,200	(1,168)	(9,269)	150,334
Cash and investments - ending	\$ -	\$ 54,537	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 199,208

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Early Childhood Center Preschool	Non-English Speaking Programs P.L. 273-1999	ESL/State Grant	NESP Grant 2012-13	School Technology	College Readiness Fund	Ace Academy Cell Design and Prep	State High Ability Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 29,179	\$ -	\$ 30,346	\$ -
Receipts:								
Local sources	176,499	-	-	-	-	-	-	-
State sources	-	-	-	23,850	3,621	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	176,499	-	-	23,850	3,621	-	-	-
Disbursements:								
Current:								
Instruction	133,777	(75)	-	23,777	-	-	-	-
Support services	(1,200)	-	-	73	3,135	-	30,346	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	132,577	(75)	-	23,850	3,135	-	30,346	-
Excess (deficiency) of receipts over disbursements	43,922	75	-	-	486	-	(30,346)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	5,813	-	-	-	-	-	-	-
Transfers out	(23,508)	(75)	-	-	(20,000)	-	-	-
Total other financing sources (uses)	(17,695)	(75)	-	-	(20,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,227	-	-	-	(19,514)	-	(30,346)	-
Cash and investments - ending	\$ 26,227	\$ -	\$ -	\$ -	\$ 9,665	\$ -	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	High Ability 2012-13	New Tech Grant	Ivy Tech Grant	GQE Remediation 2013-14	Preventive Remediation 2013-14	GQE Remediation* 2010-2011	Project Based Learning	Refund of Insurance
Cash and investments - beginning	\$ -	\$ 3,391	\$ -	\$ -	\$ -	\$ -	\$ 1,370	\$ 93,964
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	52,744	-	-	32,905	25,185	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>52,744</u>	<u>-</u>	<u>-</u>	<u>32,905</u>	<u>25,185</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	52,441	-	-	-	-	-	-	40,806
Support services	-	3,391	-	-	-	-	180	5,062
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>52,441</u>	<u>3,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>45,868</u>
Excess (deficiency) of receipts over disbursements	<u>303</u>	<u>(3,391)</u>	<u>-</u>	<u>32,905</u>	<u>25,185</u>	<u>-</u>	<u>(180)</u>	<u>(45,868)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>303</u>	<u>(3,391)</u>	<u>-</u>	<u>32,905</u>	<u>25,185</u>	<u>-</u>	<u>(180)</u>	<u>(45,868)</u>
Cash and investments - ending	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,905</u>	<u>\$ 25,185</u>	<u>\$ -</u>	<u>\$ 1,190</u>	<u>\$ 48,096</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Liability Insurance Claim	Preventive Remediation 2012-13	GQE Remediation Grant 2012-13	One on One Tech Initiative	Title I	Title I 2011-2012	Title I 2012-2013	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 2,293	\$ -	\$ -	\$ -	\$ 65	\$ (246,686)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	28,422	-	-	-	-
State sources	-	34,948	36,084	-	-	-	-	-
Federal sources	-	-	-	-	-	585,370	1,025,219	70,000
Temporary loans	-	-	-	-	-	-	-	-
Other	10,542	-	-	-	-	-	-	-
Total receipts	10,542	34,948	36,084	28,422	-	585,370	1,025,219	70,000
Disbursements:								
Current:								
Instruction	-	34,948	30,170	-	-	166,957	614,240	70,000
Support services	10,089	-	-	713	-	170,383	551,924	-
Noninstructional services	-	-	-	-	-	1,344	11,526	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	10,089	34,948	30,170	713	-	338,684	1,177,690	70,000
Excess (deficiency) of receipts over disbursements	453	-	5,914	27,709	-	246,686	(152,471)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(65)	-	-	-
Total other financing sources (uses)	-	-	-	-	(65)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	453	-	5,914	27,709	(65)	246,686	(152,471)	-
Cash and investments - ending	\$ 2,746	\$ -	\$ 5,914	\$ 27,709	\$ -	\$ -	\$ (152,471)	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Special Ed Improvement 2013	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	PLTW Pre-Engineering 2010-2011	PLTW Bio Medical 2011-2012	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A: Improving Teacher Quality	Title II Part A 2012-2014	Title II Part A NCLB
Cash and investments - beginning	\$ -	\$ 4,888	\$ -	\$ -	\$ (16,369)	\$ (12,759)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	74,887	55,004	4,936	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	74,887	55,004	4,936	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	42,245	123	-
Support services	-	4,888	-	-	65,265	-	6,436	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,069	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,069	4,888	-	-	65,265	42,245	6,559	-
Excess (deficiency) of receipts over disbursements	(3,069)	(4,888)	-	-	9,622	12,759	(1,623)	-
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	(3,069)	(4,888)	-	-	9,622	12,759	(1,623)	-
Cash and investments - ending	\$ (3,069)	\$ -	\$ -	\$ -	\$ (6,747)	\$ -	\$ (1,623)	\$ -

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Title III, Language Instruction	Title III LEP 2010-2011	Title III ESL 2012-13	Title II Part B Math and Science Partnership	Math & Science Partnership (Sc	MSP (Science) 2012-13	Teacher Incentive Fund	Teacher Incentive Grant 12/13
Cash and investments - beginning	\$ (13,521)	\$ -	\$ -	\$ -	\$ (31,681)	\$ -	\$ (62,708)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	12,314	-	28,271	-	253,205	94,466	305,110	232,303
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	12,314	-	28,271	-	253,205	94,466	305,110	232,303
Disbursements:								
Current:								
Instruction	(1,207)	-	30,707	-	1,350	300	177,450	160,794
Support services	-	-	342	-	227,004	98,455	64,952	97,512
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	(1,207)	-	31,049	-	228,354	98,755	242,402	258,306
Excess (deficiency) of receipts over disbursements	13,521	-	(2,778)	-	24,851	(4,289)	62,708	(26,003)
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	13,521	-	(2,778)	-	24,851	(4,289)	62,708	(26,003)
Cash and investments - ending	\$ -	\$ -	\$ (2,778)	\$ -	\$ (6,830)	\$ (4,289)	\$ -	\$ (26,003)

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Star Schools Taking Action HS	Title I - Grants to LEAs	Special Education - Part B	Education Technology	New Technology Grants	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 124,391	\$ -	\$ 149,399	\$ 11,592,428
Receipts:								
Local sources	-	-	-	-	-	-	-	22,323,617
State sources	-	-	-	-	-	-	-	43,020,722
Federal sources	-	-	-	-	-	24,962	-	5,238,758
Temporary loans	-	-	-	-	-	-	-	2,056,341
Other	-	-	-	-	-	-	11,203,731	11,221,368
Total receipts	-	-	-	-	-	24,962	11,203,731	83,860,806
Disbursements:								
Current:								
Instruction	-	-	-	-	-	24,962	-	30,959,569
Support services	-	-	-	-	58,961	-	-	20,400,989
Noninstructional services	-	-	-	-	-	-	-	3,814,224
Facilities acquisition and construction	-	-	-	-	-	-	-	2,287,903
Debt services	-	-	-	-	-	-	-	21,875,377
Nonprogrammed charges	-	-	-	-	-	-	11,221,629	11,239,119
Total disbursements	-	-	-	-	58,961	24,962	11,221,629	90,577,181
Excess (deficiency) of receipts over disbursements	-	-	-	-	(58,961)	-	(17,898)	(6,716,375)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	2,558,977
Transfers in	-	-	-	-	-	-	-	1,862,500
Transfers out	-	-	-	-	-	-	-	(1,657,851)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,763,626
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(58,961)	-	(17,898)	(3,952,749)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 65,430	\$ -	\$ 131,501	\$ 7,639,679

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 931,729</u>	<u>\$ 203,809</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Tax anticipation warrants:		
Debt Service Fund	\$ 2,056,341	\$ 2,072,735
Capital Projects Fund	1,275,000	1,293,806
Transportation Fund	1,255,000	1,273,511
Common school loans:		
A0420	697,475	96,949
A0425	1,900,000	274,000
Bonds payable:		
General obligation bonds:		
Pension bond	3,508,850	773,461
Technology bond	510,000	512,550
Lease-Rental bonds:		
High School Renovation	128,700,000	10,825,000
Decatur Middle School & Technology - Phase 2	<u>5,662,349</u>	<u>1,142,498</u>
Total debt	<u>\$ 145,565,015</u>	<u>\$ 18,264,510</u>

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METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Land	\$ 5,160,292
Buildings	222,704,759
Improvements other than buildings	9,801,075
Machinery, equipment, and vehicles	<u>12,297,420</u>
Total capital assets	<u>\$ 249,963,546</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented in this report included the following funds with overdrawn cash balances at June 30, 2012:

Fund	Amount Overdrawn
Textbook Rental	\$ 91,993
Challenger Learning Center	400,223

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE/LACK OF RECORDS**

The information presented for audit indicates enrollment figures on Form No. 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2013.

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2012-2013	Kindergarten	221.5	221.5	-
	1 through 12	5,785	5,818	(33)

The School Corporation did not present sufficient detailed student records to support the Average Daily Membership claimed by grade for the School Corporation for both school years under audit. The detail presented for audit did not separate the high school by grade level. For school year 2011-2012, the total students per the detail agreed to total students reported. For school year 2012-2013, the total students per the detail was 33 more than what was reported. The School Corporation explained that the variance was students that transferred out; however, supporting documentation was not provided to support the explanation.

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

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
AUDIT RESULTS AND COMMENTS  
(Continued)

The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

***INTERNAL CONTROLS***

Internal controls over the accounting for financial activities were insufficient for the catering and vending programs that were operated within the Child Nutrition program. The vending manager's salary was paid with Child Nutrition funds, and the salary for the Director of Child Nutrition was not apportioned between the catering, vending, and Child Nutrition activities. The lack of internal control resulted in the commingling of funds among these programs.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***COMPENSATION AND BENEFITS***

Salary schedules for noncertified staff, such as instructional assistants, custodians, administrative assistants, and food service employees, were not approved by the School Board. Additionally, a salary schedule was not presented for the noncertified staff within the food service department for the 2012-2013 school year.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***TRAVEL POLICY***

The School Corporation has a travel policy; however, the policy and guidelines are not always followed. The travel policy allows for reimbursement of travel related expenditures such as meals and parking fees while in travel status provided that the employee submits an original detailed receipt.

Multiple instances were found where travel expenses, such as meals, snacks, and parking fees, were charged to the School Corporation credit card, instead of being reimbursed to an employee. Also, daily per diem amounts were being paid to employees in advance of the conference attended, which is not in accordance with the School Corporation's travel policy.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP, MARION COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Metropolitan School District of Decatur Township's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on the Child Nutrition Cluster and Title I, Part A Cluster***

As described in items 2013-002 and 2013-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Program Income, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

As described in items 2013-005 and 2013-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Procurement and Suspension and Debarment that are applicable to the Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on the Child Nutrition Cluster and Title I, Part A Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2011 to June 30, 2013.

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Title I, Part A Cluster for the period of July 1, 2011 to June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2011 to June 30, 2013.

***Other Matters***

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

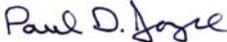
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 items 2013-001, 2013-004, and 2013-07 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

May 22, 2014

## 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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	5300	\$ 873,040	\$ 771,755
National School Lunch Program	10.555	5300	1,831,521	1,714,789
Summer Food Service Program for Children	10.559	5300	<u>207,582</u>	<u>130,729</u>
Total for cluster			<u>2,912,143</u>	<u>2,617,273</u>
Child and Adult Care Food Program	10.558	5300	<u>71,721</u>	<u>107,473</u>
Fresh Fruit and Vegetable Program	10.582	5300	<u>29,429</u>	<u>-</u>
Total for federal grantor agency			<u>3,013,293</u>	<u>2,724,746</u>
<u>Department of Education</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	11 - 5300 12 - 5300 13 - 5300	173,276 900,965 -	- 585,370 <u>1,025,219</u>
Total for program			<u>1,074,241</u>	<u>1,610,589</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2009-2011	<u>10,689</u>	<u>-</u>
Total for cluster			<u>1,084,930</u>	<u>1,610,589</u>
Special Education Cluster				
Special Education - Grants to States	84.027	A58-3-13DL-0080	<u>-</u>	<u>70,000</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391		<u>4,500</u>	<u>-</u>
Total for cluster			<u>4,500</u>	<u>70,000</u>
Tech-Prep Education	84.243	A58-1-11CI-059	8,334 <u>15,000</u>	- <u>-</u>
Total for program			<u>23,334</u>	<u>-</u>
English Language Acquisition State Grants	84.365	2010-11 2011-12 2012-13	9,152 16,454 -	- 12,314 <u>28,271</u>
Total for program			<u>25,606</u>	<u>40,585</u>
Mathematics and Science Partnerships	84.366	A58-9-09SL-027 A58-9-09SL-027 A58-1-11CI-270	131,521 33,461 313,142	- - 253,205

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>				
Pass-Through Indiana Department of Education (continued) Mathematics and Science Partnerships (continued)		A58-1-11CI-270	-	94,466
Total for program			<u>478,124</u>	<u>347,671</u>
Improving Teacher Quality State Grants	84.367	2009-2011 2010-2012 2011-2013 2012-2014	22,500 120,932 25,603 -	- 55,004 74,887 4,936
Total for program			<u>169,035</u>	<u>134,827</u>
Teacher Incentive Fund Cluster Teacher Incentive Fund	84.374	10/11 - 09/12 10/12 - 09/13	123,258 -	305,110 232,303
Total for cluster			<u>123,258</u>	<u>537,413</u>
Educational Technology State Grants Cluster ARRA - Education Technology State Grants, Recovery Act	84.386	2009-2011	28,765	-
Total for cluster			<u>28,765</u>	<u>-</u>
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	07/09 - 06/11	609	58,961
Total for cluster			<u>609</u>	<u>58,961</u>
Education Jobs Fund	84.410	2012	1,222,511	24,962
Total for federal grantor agency			<u>3,190,046</u>	<u>2,883,969</u>
<u>Department of Health and Human Services</u>				
Pass-Through Indiana Department of Education Medicaid Cluster Medical Assistance Program	93.778	5300	-	109,255
Total for federal grantor agency			<u>-</u>	<u>109,255</u>
<u>Social Security Administration</u>				
Pass-Through Family and Social Services Administration Disability Insurance/SSI Cluster Social Security - Disability Insurance	96.001	5300	714	602
Total for federal grantor agency			<u>714</u>	<u>602</u>
Total federal awards expended			<u>\$ 6,174,679</u>	<u>\$ 5,659,611</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
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 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2013
School Breakfast Program	10.553	\$ 82,581	\$ 78,384
National School Lunch Program	10.555	<u>172,732</u>	<u>173,651</u>
Totals		<u>\$ 255,313</u>	<u>\$ 252,035</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except the Child Nutrition Cluster and the Title I, Part A Cluster, which were Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Teacher Incentive Fund Cluster Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$355,029

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2013-001 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE SCHOOL BREAKFAST PROGRAM, NATIONAL SCHOOL LUNCH PROGRAM, AND SUMMER FOOD SERVICE PROGRAM FOR CHILDREN**

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): 5300, FY 2012 & FY 2013

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Program Income, Reporting, and Special Tests and Provisions.

The control in place for Activities Allowed or Unallowed was designed to evaluate trends and large errors, but was not designed to effectively detect small errors in meal counts.

The control in place for Allowable Costs/Cost Principles and Program Income was a second person review of expenditures and was properly designed. However, the control did not operate effectively because the individual doing the second reviews was not knowledgeable about the program requirements.

For all other areas of the Child Nutrition Cluster, no internal controls were in place.

Due to the magnitude of weaknesses in internal controls, we have determined this to be a material weakness.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

**FINDING 2013-002 - ALLOWABLE COSTS/COST PRINCIPLES, PROGRAM INCOME**

Federal Agency: Department of Agriculture  
 Federal Program: School Breakfast Program, National School Lunch Program,  
 Summer Food Service Program for Children  
 CFDA Number: 10.553, 10.555, 10.559  
 Federal Award Number and Year (or Other Identifying Number): 5300, FY 2012 & FY 2013  
 Pass-Through Entity: Indiana Department of Education

Program income was used for purposes other than offsetting program outlays. Program administrators were not knowledgeable of the grant requirements regarding the use of program income generated from the federal program. Therefore, the following expenditures were considered questioned costs.

Questioned Cost	Amount
Year End Cash Bonuses for Managers	\$ 4,725.00
Staff Attendance Awards	3,630.70
Payroll Advances	1,826.50
Gym Membership for Staff	1,500.00
Non-Policy Travel Payments	7,876.00
Charitable Donations	3,172.52
Vending Manager Salary	14,609.51
Year End Food Service Party Expenses	1,323.13
Employee Dental Claim Reimbursement	172.00
Employee Car Repair Reimbursement	365.00
Total	\$ 39,200.36

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.25 states in part:

"(a) *General.* Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.

(b) *Definition of program income.* Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. 'During the grant period' is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

(g) *Use of program income.* Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.

- (1) *Deduction.* Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.
- (2) *Addition.* When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.
- (3) *Cost sharing or matching.* When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same."

Circular A-87 Attachment B, 43.b. states in part:

"Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the governmental unit in its regular operations as the result of the governmental unit's written travel policy."

Circular A-87 Attachment B, 13. states:

"a. The costs of employee information publications, health or first-aid clinics and/ or infirmaries, recreational activities, employee counseling services, and any other expenses incurred in accordance with the governmental unit's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

b. Such costs will be equitably apportioned to all activities of the governmental unit. Income generated from any of these activities will be offset against expenses."

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the grant administrators read the grant guidelines and thoroughly familiarize themselves with the requirements of the Child Nutrition Cluster in order to comply with the program requirements.

***FINDING 2013-003 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Number: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): 5300, FY 2012 & FY 2013  
Pass-Through Entity: Indiana Department of Education

The Food Service Department did not verify that vendors who were receiving federal funds for goods or services provided were not suspended and/or debarred. The department administrators were not aware that this was a requirement within the grant agreement.

7 CFR 3016.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the Food Service Department institute a policy to check vendors for suspension and debarment.

***FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies,  
ARRA - Title I Grants to Local Educational Agencies, Recovery Act  
CFDA Number: 84.010, 84.389  
Federal Award Number and Year (or Other Identifying Number): 11-5300, 12-5300, 13-5300,  
FY 2011-12 & FY 2012-13  
Pass-Through Entity: Indiana Department of Education

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The control in place for Activities Allowed or Unallowed and Allowable Costs/Cost Principles was designed properly, but was not operating effectively. Reviews of A/P Vouchers by the Title I Director did not identify the expenditures that were unallowed based on the grant agreement.

For all other compliance requirements listed above, no controls were in place.

Due to the magnitude of weaknesses in internal controls, we have determined this to be a material weakness.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-005 - ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies,

ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Number: 84.010, 84.389

Federal Award Number and Year (or Other Identifying Number): 11-5300, 12-5300, 13-5300,  
FY 2011-12 & FY 2012-13

Pass-Through Entity: Indiana Department of Education

The School Corporation has designated the five elementary schools to be eligible to receive Title I services. In the 2012-2013 school year, the School Corporation entered into a contract with a company to provide training to three different schools (Decatur Central High School/ICE, Decatur Middle School, and West Newton Elementary) to deliver academic curriculum to increase student engagement and achievement.

The total of the payments made to the vendor from Title I funds in the audit period was \$50,000. We calculated a percentage of contract days based on the number of teachers and paraprofessionals from each school. Based on the calculations completed, \$29,566 was paid from Title I funds for all Elementary School teachers training, \$6,734 was paid from Title I funds for Decatur Middle School teacher training, and \$13,700 was paid from Title I funds for Decatur Central High School teacher training.

The amounts paid for the Middle School and the High School are not allowed as they are not designated as Title I served schools and are considered questioned costs for the Title I program.

Additionally, during the review of transfers from Title I funds to the Corporation General fund for training stipends, one transfer for \$5,400 was identified that included stipends for a non-Title I teacher. The amount that was identified directly to a non-Title I teacher was \$3,000. This amount is also considered a questioned cost for the Title I program.

Total questioned costs in relation to the Title I grant are \$23,434.

34 CFR 80.22 states:

"(a) *Limitation on use of funds.* Grant funds may be used only for:

- (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
- (2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.

(b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987."

Failure to adhere to allowable cost compliance requirements may cause the School Corporation to be determined to be ineligible for future federal funding.

We recommended that the School Corporation ensure only allowable and properly documented disbursements are claimed for reimbursement.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies,  
ARRA - Title I Grants to Local Educational Agencies, Recovery Act  
CFDA Number: 84.010 & 84.389  
Federal Award Number and Year (or Other Identifying Number): 11-5300, 12-5300, 13-5300;  
FY 2011-12 & FY 2012-13  
Pass-Through Entity: Indiana Department of Education

The School Corporation did not verify that vendors who were receiving federal funds for goods or services provided were not suspended and/or debarred. The grant administrators were not aware that this was a requirement within the grant agreement.

34 CFR 80.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation institute a policy to check vendors for suspension and debarment in relation to the federal grants they are administering.

***FINDING 2013-007 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE TEACHER INCENTIVE FUND***

Federal Agency: Department of Education  
Federal Program: Teacher Incentive fund  
CFDA Number: 84.374  
Federal Award Number and Year (or Other Identifying Number): 10/11 - 09/12, 10/12 - 09/13,  
FY 2011-12 & FY 2012-13  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability of Federal Funds, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

For all compliance requirements listed above, no controls were in place at the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Due to the magnitude of weaknesses in internal controls, we have determined this to be a material weakness.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Finding 2011 – 1:**

**Cash Management – Title I**

Original SBA Audit Report Number:

B40163

Fiscal Year

2011

Auditee Contact Person

Kirk Farmer

Title of Contact Person

Chief Financial Officer

Phone Number

(317) 856 - 5265

Status of Finding:

The School Corporation no longer receives monthly predetermined cash advances for the "Title I Grants to Local Educational Agencies" program from the State of Indiana beginning mid-year 2010. The current practice of requesting cash reimbursements from the Indiana Department of Education based on actual expenditures ensure compliance with cash management standards that require a grantee to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

**Finding 2011 – 2:**

**Cash Management – Special Education**

Original SBA Audit Report Number:

B40163

Fiscal Year

2011

Auditee Contact Person

Kirk Farmer

Title of Contact Person

Chief Financial Officer

Phone Number

(317) 856 - 5265

Status of Finding:

The School Corporation no longer receives monthly predetermined cash advances for the "ARRA - Special Education - Grants to States" program from the State of Indiana beginning mid-year 2010. The current practice of requesting cash reimbursements from the Indiana Department of Education based on actual expenditures ensure compliance with cash management standards that require a grantee to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

*Kirk Farmer*

Kirk Farmer  
Chief Financial Officer

May 16, 2014

**Finding 2013 – 1: Internal Controls Over Compliance Requirements – Child Nutrition Cluster**

Contact Person: Kirk Farmer  
Title of Contact Person: Chief Financial Officer  
Contact Number: (317) 856 – 5265  
Anticipated Completion Date: July 1, 2014

**Corrective Action Plan**

It is important to note the comment indicates that controls “to evaluate trends and large errors” and multiple reviews of expenditures were in place during the audit period.

In order to improve the existing internal control structure moving forward, management will develop administrative guidelines to ensure those items detailed below are addressed.

- Program income is used to offset program expenditures by establishing separate funds to account for catering and vending.
- Expenses which are allowable are paid from federal funds by having the Business Department review claims and allocate administrative staffing costs to other funds when not directly related to the purpose of program.
- Vendors that receive federal funds for goods or services provided have not been suspended and / or debarred.

Sincerely,

*Kirk Farmer*

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Kirk Farmer  
Chief Financial Officer





May 16, 2014

**Finding 2013 – 4: Internal Controls Over Compliance Requirements – Title I Cluster**

Contact Person: Kirk Farmer  
Title of Contact Person: Chief Financial Officer  
Contact Number: (317) 856 – 5265  
Anticipated Completion Date: Immediately

**Corrective Action Plan**

It is important to note the comment indicates that controls were “in place for Activities Allowed or Un-allowed and Allowable Costs / Cost Principles” during the audit period.

In order to improve the existing internal control structure moving forward, management will develop procedures to ensure those items detailed below are addressed.

- Department administration will be trained and directed to utilize the Title I Fiscal Guidance Handbook System provided by the Indiana Department of Education.
- Expenses which are allowable are paid from federal funds and proper segregation of duties is established by having the Business Department review claims.
- Vendors that receive federal funds for goods or services provided have not been suspended and / or debarred.

Sincerely,

Kirk Farmer

Kirk Farmer  
Chief Financial Officer

May 16, 2014

<b>Finding 2013 – 5:</b>	<b>Allowable Costs / Cost Principles, Program Income – Title I Cluster</b>
Contact Person:	Kirk Farmer
Title of Contact Person:	Chief Financial Officer
Contact Number:	(317) 856 – 5265
Anticipated Completion Date:	Immediately

**Corrective Action Plan**

Department administration will be trained and directed to utilize fiscal guidance provided by the Indiana Department of Education (IDOE), to verify if a specific expenditure is allowable under the grant agreement. This will address the categories of internal control weakness detailed below.

- Expenses which are not allowed by the grant agreement, such as payments to vendors for services provided at the Middle School & High School and a stipend for a teacher that did not provide Title I related services, will be pro-rated when appropriate or paid completely from the General Fund moving forward. In addition, department administration will investigate transitioning our Elementary Schools to school-wide instead of targeted programs.

Sincerely,

*Kirk Farmer*

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Kirk Farmer  
Chief Financial Officer



May 16, 2014

**Finding 2013 – 7: Internal Controls Over Compliance Requirements – Teacher Incentive Fund**

Contact Person: Kirk Farmer  
Title of Contact Person: Chief Financial Officer  
Contact Number: (317) 856 – 5265  
Anticipated Completion Date: Immediately

**Corrective Action Plan**

It is important to note the administrator that applied for the incentive grant and managed the daily activity retired following the end of the audit period. As a result, processes and procedures in place could not be communicated to auditors with the Indiana State Board of Accounts.

In order to develop an effective internal control structure moving forward, management will develop procedures to ensure those items detailed below are addressed.

- Department administration will be trained and directed to utilize fiscal guidance provided by the Indiana Department of Education (IDOE).
- Expenses which are allowable are paid from federal funds and proper segregation of duties is established by having the Business Department review claims.
- Vendors that receive federal funds for goods or services provided have not been suspended and / or debarred.

Sincerely,

*Kirk Farmer*

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Kirk Farmer  
Chief Financial Officer

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2014, with Dr. Matt Prusiecki, Superintendent of Schools; W. Kirk Farmer, Treasurer; Dawn Lee, Deputy Treasurer; and Judith Collins, President of the School Board. The Official Response has been made a part of this report and may be found on pages 75 and 76.



Metropolitan School District of  
Decatur Township  
5275 Kentucky Avenue  
Indianapolis, IN 46221

(317) 856-5265  
(317) 856-2156 fax  
[www.msddecatur.k12.in.us](http://www.msddecatur.k12.in.us)

June 4, 2014

Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204

RE: Official Response to Audit Results and Comments

To Whom It May Concern:

Please allow this letter serve as the official response of the Metropolitan School District of Decatur Township to comments stated in the audit report for the period of July 1, 2011 to June 30, 2013.

#### Overdrawn Cash Balances

The two funds referenced in the comment are the Textbook Rental and Challenger Learning Center Funds. At the June 14, 2011 Board of Education meeting, a Resolution was approved to periodically transfer funds permanently from the General to the Challenger Learning Center Fund until the balance is zero. This was corrected during the audit period and the Fund had a balance of \$5,145.71 on June 30, 2013.

Also, management is aware that the Textbook Rental Fund is being routinely overdrawn. The School Corporation feels this is due to circumstances we do not have control over; such as textbooks being purchased in the spring of one school year while fees are not assessed and paid until the next and the socio-economic makeup of our population where free and reduced counts are in excess of 60%. This was corrected during the audit period and the Fund had a balance of \$38,964.73 on June 30, 2013.

#### Average Daily Membership (ADM) – Classroom Lists

It is important to note that back up documentation was provided by the School Corporation to review for verification. However, the format was organized by class list at the High School and approved by building level administrators. In order to improve the existing control structure, management will work with our Technology Student Management System Facilitator and building principals to provide ADM counts by grade level versus class lists so ADM counts can be readily verified.

### Internal Controls

In order to improve the existing internal control structure moving forward, management will develop administrative guidelines to ensure those items detailed below are addressed.

- Program funding is used to offset program expenditures by establishing separate funds to account for catering and vending.
- Expenses which are allowable are paid from federal funds by having the Business Department review claims and allocate administrative staffing costs to other funds when not directly related to the purpose of program.

### Compensation and Benefits

It is important to note management is aware of the issue and was in the process of developing a salary schedule for non-certified staff before the beginning of the audit. The completed Resolution will be presented to the Board of Education for approval by fall of 2014.

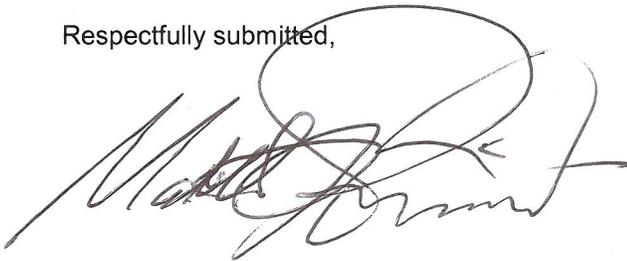
Procedures will be developed to ensure all changes in compensation and benefits paid to employees will be documented in the monthly staff report or by an addendum to the established salary schedule.

### Travel Policy

The School Corporation will review its current travel policy and revise as necessary to ensure all issues identified during the audit are addressed. Policy revisions will reflect current practice when deemed appropriate and activities not permitted will be discontinued immediately,

If there are any questions regarding the above response, please do not hesitate to contact us at (317) 856-5265. Thank you for the opportunity to respond.

Respectfully submitted,



Dr. Matthew Prusiecki  
Superintendent of Schools

*Kirk Farmer*

Kirk Farmer  
Chief Financial Officer / Treasurer