

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DELAWARE COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
06/11/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris	07-01-12 to 12-31-15
Superintendent of Schools	Steve R. Hall	07-01-12 to 06-30-15
President of the School Board	Norbert Heban Trent Fox John Adams Tyce Stebbins	07-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Delaware Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2015, 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.


Paul D. Joyce, CPA
State Examiner

April 27, 2015



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT ON 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 DELAWARE COMMUNITY SCHOOL
CORPORATION, DELAWARE 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 Delaware Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 27, 2015, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2014-001 to be material weaknesses.

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*.

Delaware Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. 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

April 27, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,538,069	\$ 15,474,449	\$ 15,405,716	\$ 826	\$ 3,607,628	\$ 15,767,494	\$ 15,360,603	\$ (28,233)	\$ 3,986,286
Debt Service	1,401,859	1,429,298	1,623,592	(21,092)	1,186,473	1,756,645	1,691,408	(24,265)	1,227,445
Retirement/Severance Bond Debt Service	246,839	408,333	632,658	-	22,514	416,286	208,968	-	229,832
Capital Projects	1,125,738	1,908,368	1,811,007	-	1,223,099	1,848,898	1,941,649	-	1,130,348
School Transportation	1,357,999	1,473,004	1,433,408	(200,000)	1,197,595	1,568,369	1,433,613	(200,000)	1,132,351
School Bus Replacement	330,754	427,553	522,021	-	236,286	428,278	86,740	-	577,824
Rainy Day	809,098	-	243,408	200,000	765,690	-	132,360	200,000	833,330
School Lunch	604,194	1,231,893	1,108,196	-	727,891	1,211,709	1,200,127	1,300	740,773
Textbook Rental	199,851	256,394	154,621	21,092	322,716	251,713	174,089	24,265	424,605
Child Care Program	24,620	162,397	128,299	-	58,718	172,316	140,384	-	90,650
Educational License Plates	6,375	525	3,500	-	3,400	431	-	-	3,831
Alternative Ed Grant 11-12	6,321	-	6,321	-	-	-	-	-	-
Alternative Ed Grant 12-13	-	6,513	6,513	-	-	-	-	-	-
Alternative Ed Grant 13-14	-	-	-	-	-	4,703	-	-	4,703
SAFE School Haven 11-12	(1,588)	1,588	-	-	-	-	-	-	-
SAFE School Haven 12-13	-	9,637	10,000	-	(363)	363	-	-	-
SAFE School Haven 13-14	-	-	-	-	-	7,000	7,000	-	-
Monsanto Fund Grant	-	10,000	10,000	-	-	-	-	-	-
Monsanto Grant 2013	-	-	-	-	-	20,000	20,000	-	-
NCISIC Wellness Grant 09-10	1,453	-	1,453	-	-	-	-	-	-
NCISIC Wellness Grant 10-11	16,567	-	6,834	-	9,733	129	9,862	-	-
NCISIC Wellness Grant 11-12	23,300	-	8,498	-	14,802	-	14,802	-	-
NCISIC Wellness Grant 12-13	-	-	-	-	-	26,500	59	-	26,441
NCISIC Wellness Grant 13-14	-	-	-	-	-	26,250	1,503	-	24,747
Academic Summer Camps	1,709	-	1,517	-	192	-	192	-	-
Delcom Memorial Scholarship	1,121	-	-	-	1,121	-	-	-	1,121
DMS Art Award 11-12	20	-	20	-	-	-	-	-	-
Common School/Tech Advancement	-	26,388	26,388	-	-	218,712	218,712	-	-
Secured Schools Safety Grant	-	-	-	-	-	-	38,984	-	(38,984)
School Technology	119,190	63,169	57,648	-	124,711	119,141	145,425	28,244	126,671
National Energy Foundation	252	-	147	-	105	-	105	-	-
High Ability Grant 12-13	-	37,497	37,497	-	-	-	-	-	-
High Ability Grant 13-14	-	-	-	-	-	36,243	36,243	-	-
Educational Foundation Grant	572	-	572	-	-	-	-	-	-

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

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Educational Foundation - Summers	-	800	800	-	-	-	-	-	-
Educational Foundation - Herring	-	700	696	-	4	-	4	-	-
MAC Grant 12-13	-	500	500	-	-	-	-	-	-
DMS PTO Grant 2013	-	3,800	3,800	-	-	-	-	-	-
YB Williams School Sup Award	-	500	-	-	500	-	500	-	-
RES PTO Donation 2013	-	12,000	11,160	-	840	-	840	-	-
AIG Valic Grant 2013	-	300	718	-	(418)	900	1,111	-	(629)
AES PTO Donation 2013	-	4,790	4,790	-	-	-	-	-	-
Del-Com Foundation 2013 Teacher Grant	-	-	640	-	(640)	13,746	11,814	-	1,292
Bell Grant 13-14 L Brand	-	-	-	-	-	442	442	-	-
Bell Grant 13-14 B Gonser	-	-	-	-	-	69	69	-	-
Vectren Grant EES	-	-	-	-	-	1,000	60	-	940
Bell Grant Addison/Taylor 2014	-	-	-	-	-	262	-	-	262
Bell Grant 2014 L Brand DHS	-	-	-	-	-	333	333	-	-
Del Com Foundation Grant 2014	-	-	-	-	-	14,232	-	-	14,232
Eaton Elem PTO Grant 14	-	-	-	-	-	1,050	-	-	1,050
Hope 2 Liberia-Security	-	-	-	-	-	1,000	-	-	1,000
Technology Skills Assessment	-	1,950	1,950	-	-	-	-	-	-
Title I 11-12	(16,547)	58,450	80,710	38,807	-	-	-	-	-
Title I 12-13	-	211,200	229,481	-	(18,281)	80,096	61,815	-	-
Title I 13-14	-	-	-	-	-	185,306	206,382	-	(21,076)
Special Ed Improvement Grant	-	69,994	69,994	-	-	-	-	-	-
101-476 11-12	(94,606)	231,181	136,575	-	-	-	-	-	-
101-476 12-13	-	411,594	462,108	-	(50,514)	187,227	136,713	-	-
101-476 13-14	-	-	-	-	-	433,793	480,896	-	(47,103)
Sp Ed TA Grant	-	-	-	-	-	7,603	7,603	-	-
Pathway/Tech Prep Grant	-	3,000	3,000	-	-	-	-	-	-
Title II Part A 11-12	(17,970)	75,359	18,707	(38,807)	(125)	242	117	-	-
Title II Part A 12-13	-	50,301	57,514	-	(7,213)	26,153	21,139	-	(2,199)
Title II Part A 13-15	-	-	-	-	-	26,821	30,105	-	(3,284)
Educational Jobs	-	10,274	10,274	-	-	-	-	-	-
Payroll Withholding	-	-	-	-	-	-	-	-	-
	207,432	4,243,226	4,338,116	-	112,542	4,318,393	4,306,796	-	124,139
Totals	\$ 9,892,622	\$ 28,316,925	\$ 28,671,367	\$ 826	\$ 9,539,006	\$ 29,179,848	\$ 28,129,567	\$ 1,311	\$ 10,590,598

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

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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:

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

DELAWARE COMMUNITY SCHOOL CORPORATION
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.

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.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial 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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 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

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Delta-Eaton School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2013 and 2014 totaled \$1,580,000 and \$1,579,000, respectively.

Note 9. Combined Funds

Funds related to Payroll Withholdings were combined into one fund for the financial statement.

OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,538,069	\$ 1,401,859	\$ 246,839	\$ 1,125,738	\$ 1,357,999	\$ 330,754	\$ 809,098	\$ 604,194	\$ 199,851
Receipts:									
Local sources	137,767	1,429,298	408,333	1,850,791	1,473,004	427,553	-	608,458	176,426
Intermediate sources	365	-	-	-	-	-	-	-	-
State sources	15,336,249	-	-	-	-	-	-	14,534	79,968
Federal sources	-	-	-	-	-	-	-	607,044	-
Temporary loans	-	-	-	57,577	-	-	-	-	-
Other	68	-	-	-	-	-	-	1,857	-
Total receipts	<u>15,474,449</u>	<u>1,429,298</u>	<u>408,333</u>	<u>1,908,368</u>	<u>1,473,004</u>	<u>427,553</u>	<u>-</u>	<u>1,231,893</u>	<u>256,394</u>
Disbursements:									
Current:									
Instruction	10,677,686	-	-	-	-	-	-	-	-
Support services	4,411,611	-	-	833,166	1,433,408	522,021	-	2,347	153,173
Noninstructional services	286,433	-	-	-	-	-	-	1,058,385	-
Facilities acquisition and construction	29,986	-	-	977,841	-	-	243,408	47,464	-
Debt services	-	1,623,592	632,658	-	-	-	-	-	1,448
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>15,405,716</u>	<u>1,623,592</u>	<u>632,658</u>	<u>1,811,007</u>	<u>1,433,408</u>	<u>522,021</u>	<u>243,408</u>	<u>1,108,196</u>	<u>154,621</u>
Excess (deficiency) of receipts over disbursements	<u>68,733</u>	<u>(194,294)</u>	<u>(224,325)</u>	<u>97,361</u>	<u>39,596</u>	<u>(94,468)</u>	<u>(243,408)</u>	<u>123,697</u>	<u>101,773</u>
Other financing sources (uses):									
Sale of capital assets	826	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	200,000	-	21,092
Transfers out	-	(21,092)	-	-	(200,000)	-	-	-	-
Total other financing sources (uses)	<u>826</u>	<u>(21,092)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>21,092</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>69,559</u>	<u>(215,386)</u>	<u>(224,325)</u>	<u>97,361</u>	<u>(160,404)</u>	<u>(94,468)</u>	<u>(43,408)</u>	<u>123,697</u>	<u>122,865</u>
Cash and investments - ending	<u>\$ 3,607,628</u>	<u>\$ 1,186,473</u>	<u>\$ 22,514</u>	<u>\$ 1,223,099</u>	<u>\$ 1,197,595</u>	<u>\$ 236,286</u>	<u>\$ 765,690</u>	<u>\$ 727,891</u>	<u>\$ 322,716</u>

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

	Child Care Program	Educational License Plates	Alternative Ed Grant 11-12	Alternative Ed Grant 12-13	Alternative Ed Grant 13-14	SAFE School Haven 11-12	SAFE School Haven 12-13	SAFE School Haven 13-14	Monsanto Fund Grants
Cash and investments - beginning	\$ 24,620	\$ 6,375	\$ 6,321	\$ -	\$ -	\$ (1,588)	\$ -	\$ -	\$ -
Receipts:									
Local sources	160,852	-	-	-	-	-	-	-	10,000
Intermediate sources	-	525	-	-	-	-	-	-	-
State sources	1,545	-	-	6,513	-	1,588	9,637	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	162,397	525	-	6,513	-	1,588	9,637	-	10,000
Disbursements:									
Current:									
Instruction	-	-	6,321	6,513	-	-	-	-	-
Support services	300	-	-	-	-	-	10,000	-	10,000
Noninstructional services	127,999	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,500	-	-	-	-	-	-	-
Total disbursements	128,299	3,500	6,321	6,513	-	-	10,000	-	10,000
Excess (deficiency) of receipts over disbursements	34,098	(2,975)	(6,321)	-	-	1,588	(363)	-	-
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	34,098	(2,975)	(6,321)	-	-	1,588	(363)	-	-
Cash and investments - ending	\$ 58,718	\$ 3,400	\$ -	\$ -	\$ -	\$ -	\$ (363)	\$ -	\$ -

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

	Monsanto Grant 2013	NCISIC Wellness Grant 09-10	NCISIC Wellness Grant 10-11	NCISIC Wellness Grant 11-12	NCISIC Wellness Grant 12-13	NCISIC Wellness Grant 13-14	Academic Summer Camps	Delcom Memorial Scholarship	DMS Art Award 11-12
Cash and investments - beginning	\$ -	\$ 1,453	\$ 16,567	\$ 23,300	\$ -	\$ -	\$ 1,709	\$ 1,121	\$ 20
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	1,517	-	20
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	1,453	6,834	8,498	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,453	6,834	8,498	-	-	1,517	-	20
Excess (deficiency) of receipts over disbursements	-	(1,453)	(6,834)	(8,498)	-	-	(1,517)	-	(20)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,453)	(6,834)	(8,498)	-	-	(1,517)	-	(20)
Cash and investments - ending	\$ -	\$ -	\$ 9,733	\$ 14,802	\$ -	\$ -	\$ 192	\$ 1,121	\$ -

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

	Common School/Tech Advancement	Secured Schools Safety Grant	School Technology	National Energy Foundation	High Ability Grant 12-13	High Ability Grant 13-14	Educational Foundation Grant	Educational Foundation - Summers
Cash and investments - beginning	\$ -	\$ -	\$ 119,190	\$ 252	\$ -	\$ -	\$ 572	\$ -
Receipts:								
Local sources	-	-	1,491	-	-	-	-	800
Intermediate sources	-	-	-	-	-	-	-	-
State sources	26,388	-	61,678	-	37,497	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	26,388	-	63,169	-	37,497	-	-	800
Disbursements:								
Current:								
Instruction	-	-	-	147	37,497	-	572	800
Support services	23,678	-	11,384	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	2,710	-	46,264	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,388	-	57,648	147	37,497	-	572	800
Excess (deficiency) of receipts over disbursements	-	-	5,521	(147)	-	-	(572)	-
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	-	-	5,521	(147)	-	-	(572)	-
Cash and investments - ending	\$ -	\$ -	\$ 124,711	\$ 105	\$ -	\$ -	\$ -	\$ -

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

	Educational Foundation - Herring	MAC Grant 12-13	DMS PTO Grant 2013	YB Williams School Sup Award	RES PTO Donation 2013	AIG Valic Grant 2013	AES PTO Donation 2013	Del-Com Foundation 2013 Teacher Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	700	500	3,800	500	12,000	300	4,790	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>700</u>	<u>500</u>	<u>3,800</u>	<u>500</u>	<u>12,000</u>	<u>300</u>	<u>4,790</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	696	500	3,800	-	11,160	718	4,790	640
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>696</u>	<u>500</u>	<u>3,800</u>	<u>-</u>	<u>11,160</u>	<u>718</u>	<u>4,790</u>	<u>640</u>
Excess (deficiency) of receipts over disbursements	<u>4</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>840</u>	<u>(418)</u>	<u>-</u>	<u>(640)</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>4</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>840</u>	<u>(418)</u>	<u>-</u>	<u>(640)</u>
Cash and investments - ending	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 840</u>	<u>\$ (418)</u>	<u>\$ -</u>	<u>\$ (640)</u>

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

	Bell Grant 13-14 L Brand	Bell Grant 13-14 B Gonser	Vectren Grant EES	Bell Grant Addison/Taylor 2014	Bell Grant 2014 L Brand DHS	Del Com Foundation Grant 2014	Eaton Elem PTO Grant 14	Hope 2 Liberia- Security
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Technology Skills Assessment	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed Improvement Grant	101-476 11-12	101-476 12-13	101-476 13-14
Cash and investments - beginning	\$ -	\$ (16,547)	\$ -	\$ -	\$ -	\$ (94,606)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	1,950	-	-	-	-	-	-	-
Federal sources	-	58,450	211,200	-	69,994	231,181	411,594	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,950	58,450	211,200	-	69,994	231,181	411,594	-
Disbursements:								
Current:								
Instruction	1,950	78,987	229,481	-	69,994	136,575	462,108	-
Support services	-	1,723	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,950	80,710	229,481	-	69,994	136,575	462,108	-
Excess (deficiency) of receipts over disbursements	-	(22,260)	(18,281)	-	-	94,606	(50,514)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	38,807	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	38,807	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,547	(18,281)	-	-	94,606	(50,514)	-
Cash and investments - ending	\$ -	\$ -	\$ (18,281)	\$ -	\$ -	\$ -	\$ (50,514)	\$ -

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

	Sp Ed TA Grant	Pathway/ Tech Prep Grant	Title II Part A 11-12	Title II Part A 12-13	Title II Part A 13-15	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (17,970)	\$ -	\$ -	\$ -	\$ 207,432	\$ 9,892,622
Receipts:								
Local sources	-	-	-	-	-	-	-	6,707,363
Intermediate sources	-	-	-	-	-	-	-	890
State sources	-	3,000	-	-	-	-	-	15,580,547
Federal sources	-	-	75,359	50,301	-	10,274	-	1,725,397
Temporary loans	-	-	-	-	-	-	-	57,577
Other	-	-	-	-	-	-	4,243,226	4,245,151
Total receipts	-	3,000	75,359	50,301	-	10,274	4,243,226	28,316,925
Disbursements:								
Current:								
Instruction	-	3,000	-	-	-	10,274	-	11,745,746
Support services	-	-	18,707	45,015	-	-	-	7,476,533
Noninstructional services	-	-	-	-	-	-	-	1,489,602
Facilities acquisition and construction	-	-	-	12,499	-	-	-	1,360,172
Debt services	-	-	-	-	-	-	-	2,257,698
Nonprogrammed charges	-	-	-	-	-	-	4,338,116	4,341,616
Total disbursements	-	3,000	18,707	57,514	-	10,274	4,338,116	28,671,367
Excess (deficiency) of receipts over disbursements	-	-	56,652	(7,213)	-	-	(94,890)	(354,442)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	826
Transfers in	-	-	-	-	-	-	-	259,899
Transfers out	-	-	(38,807)	-	-	-	-	(259,899)
Total other financing sources (uses)	-	-	(38,807)	-	-	-	-	826
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	17,845	(7,213)	-	-	(94,890)	(353,616)
Cash and investments - ending	\$ -	\$ -	\$ (125)	\$ (7,213)	\$ -	\$ -	\$ 112,542	\$ 9,539,006

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,607,628	\$ 1,186,473	\$ 22,514	\$ 1,223,099	\$ 1,197,595	\$ 236,286	\$ 765,690	\$ 727,891	\$ 322,716
Receipts:									
Local sources	109,056	1,730,749	416,286	1,848,898	1,564,328	428,278	-	579,648	169,964
Intermediate sources	243	-	-	-	-	-	-	-	-
State sources	15,591,421	-	-	-	-	-	-	14,352	80,692
Federal sources	-	-	-	-	-	-	-	613,987	-
Temporary loans	-	25,896	-	-	-	-	-	-	-
Other	66,774	-	-	-	4,041	-	-	3,722	1,057
Total receipts	<u>15,767,494</u>	<u>1,756,645</u>	<u>416,286</u>	<u>1,848,898</u>	<u>1,568,369</u>	<u>428,278</u>	<u>-</u>	<u>1,211,709</u>	<u>251,713</u>
Disbursements:									
Current:									
Instruction	10,334,441	-	-	-	-	-	-	-	-
Support services	4,735,130	-	-	932,412	1,433,613	86,740	-	2,185	170,046
Noninstructional services	291,032	-	-	-	-	-	-	1,093,056	-
Facilities acquisition and construction	-	-	-	1,009,237	-	-	132,360	104,886	-
Debt services	-	1,691,408	208,968	-	-	-	-	-	4,043
Total disbursements	<u>15,360,603</u>	<u>1,691,408</u>	<u>208,968</u>	<u>1,941,649</u>	<u>1,433,613</u>	<u>86,740</u>	<u>132,360</u>	<u>1,200,127</u>	<u>174,089</u>
Excess (deficiency) of receipts over disbursements	<u>406,891</u>	<u>65,237</u>	<u>207,318</u>	<u>(92,751)</u>	<u>134,756</u>	<u>341,538</u>	<u>(132,360)</u>	<u>11,582</u>	<u>77,624</u>
Other financing sources (uses):									
Sale of capital assets	11	-	-	-	-	-	-	1,300	-
Transfers in	-	-	-	-	-	-	200,000	-	24,265
Transfers out	(28,244)	(24,265)	-	-	(200,000)	-	-	-	-
Total other financing sources (uses)	<u>(28,233)</u>	<u>(24,265)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>1,300</u>	<u>24,265</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>378,658</u>	<u>40,972</u>	<u>207,318</u>	<u>(92,751)</u>	<u>(65,244)</u>	<u>341,538</u>	<u>67,640</u>	<u>12,882</u>	<u>101,889</u>
Cash and investments - ending	<u>\$ 3,986,286</u>	<u>\$ 1,227,445</u>	<u>\$ 229,832</u>	<u>\$ 1,130,348</u>	<u>\$ 1,132,351</u>	<u>\$ 577,824</u>	<u>\$ 833,330</u>	<u>\$ 740,773</u>	<u>\$ 424,605</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Child Care Program	Educational License Plates	Alternative Ed Grant 11-12	Alternative Ed Grant 12-13	Alternative Ed Grant 13-14	SAFE School Haven 11-12	SAFE School Haven 12-13	SAFE School Haven 13-14	Monsanto Fund Grants
Cash and investments - beginning	\$ 58,718	\$ 3,400	\$ -	\$ -	\$ -	\$ -	\$ (363)	\$ -	\$ -
Receipts:									
Local sources	172,016	-	-	-	-	-	-	-	-
Intermediate sources	-	431	-	-	-	-	-	-	-
State sources	-	-	-	-	4,703	-	363	7,000	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	300	-	-	-	-	-	-	-	-
Total receipts	172,316	431	-	-	4,703	-	363	7,000	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	400	-	-	-	-	-	-	7,000	-
Noninstructional services	139,984	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	140,384	-	-	-	-	-	-	7,000	-
Excess (deficiency) of receipts over disbursements	31,932	431	-	-	4,703	-	363	-	-
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	31,932	431	-	-	4,703	-	363	-	-
Cash and investments - ending	\$ 90,650	\$ 3,831	\$ -	\$ -	\$ 4,703	\$ -	\$ -	\$ -	\$ -

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Monsanto Grant 2013	NCISIC Wellness Grant 09-10	NCISIC Wellness Grant 10-11	NCISIC Wellness Grant 11-12	NCISIC Wellness Grant 12-13	NCISIC Wellness Grant 13-14	Academic Summer Camps	Delcom Memorial Scholarship	DMS Art Award 11-12
Cash and investments - beginning	\$ -	\$ -	\$ 9,733	\$ 14,802	\$ -	\$ -	\$ 192	\$ 1,121	\$ -
Receipts:									
Local sources	20,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	129	-	26,500	26,250	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>20,000</u>	<u>-</u>	<u>129</u>	<u>-</u>	<u>26,500</u>	<u>26,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	192	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	9,862	14,802	59	1,503	-	-	-
Facilities acquisition and construction	20,000	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	<u>20,000</u>	<u>-</u>	<u>9,862</u>	<u>14,802</u>	<u>59</u>	<u>1,503</u>	<u>192</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(9,733)</u>	<u>(14,802)</u>	<u>26,441</u>	<u>24,747</u>	<u>(192)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(9,733)</u>	<u>(14,802)</u>	<u>26,441</u>	<u>24,747</u>	<u>(192)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,441</u>	<u>\$ 24,747</u>	<u>\$ -</u>	<u>\$ 1,121</u>	<u>\$ -</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Common School/Tech Advancement	Secured Schools Safety Grant	School Technology	National Energy Foundation	High Ability Grant 12-13	High Ability Grant 13-14	Educational Foundation Grant	Educational Foundation - Summers
Cash and investments - beginning	\$ -	\$ -	\$ 124,711	\$ 105	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	112,392	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	218,712	-	6,749	-	-	36,243	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	218,712	-	119,141	-	-	36,243	-	-
Disbursements:								
Current:								
Instruction	-	-	-	105	-	36,243	-	-
Support services	-	38,984	2,197	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	218,712	-	143,228	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	218,712	38,984	145,425	105	-	36,243	-	-
Excess (deficiency) of receipts over disbursements	-	(38,984)	(26,284)	(105)	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	28,244	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	28,244	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(38,984)	1,960	(105)	-	-	-	-
Cash and investments - ending	\$ -	\$ (38,984)	\$ 126,671	\$ -	\$ -	\$ -	\$ -	\$ -

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Educational Foundation - Herring	MAC Grant 12-13	DMS PTO Grant 2013	YB Williams School Sup Award	RES PTO Donation 2013	AIG Valic Grant 2013	AES PTO Donation 2013	Del-Com Foundation 2013 Teacher Grant
Cash and investments - beginning	\$ 4	\$ -	\$ -	\$ 500	\$ 840	\$ (418)	\$ -	\$ (640)
Receipts:								
Local sources	-	-	-	-	-	900	-	13,746
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	900	-	13,746
Disbursements:								
Current:								
Instruction	4	-	-	500	840	1,111	-	11,814
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	4	-	-	500	840	1,111	-	11,814
Excess (deficiency) of receipts over disbursements	(4)	-	-	(500)	(840)	(211)	-	1,932
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	(4)	-	-	(500)	(840)	(211)	-	1,932
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (629)	\$ -	\$ 1,292

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Bell Grant 13-14 L Brand	Bell Grant 13-14 B Gonser	Vectren Grant EES	Bell Grant Addison/Taylor 2014	Bell Grant 2014 L Brand DHS	Del Com Foundation Grant 2014	Eaton Elem PTO Grant 14	Hope 2 Liberia- Security
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	442	69	1,000	262	333	14,232	1,050	1,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>442</u>	<u>69</u>	<u>1,000</u>	<u>262</u>	<u>333</u>	<u>14,232</u>	<u>1,050</u>	<u>1,000</u>
Disbursements:								
Current:								
Instruction	442	69	60	-	333	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	<u>442</u>	<u>69</u>	<u>60</u>	<u>-</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>940</u>	<u>262</u>	<u>-</u>	<u>14,232</u>	<u>1,050</u>	<u>1,000</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>940</u>	<u>262</u>	<u>-</u>	<u>14,232</u>	<u>1,050</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940</u>	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ 14,232</u>	<u>\$ 1,050</u>	<u>\$ 1,000</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Technology Skills Assessment	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed Improvement Grant	101-476 11-12	101-476 12-13	101-476 13-14
Cash and investments - beginning	\$ -	\$ -	\$ (18,281)	\$ -	\$ -	\$ -	\$ (50,514)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	80,096	185,306	-	-	187,227	433,793
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	80,096	185,306	-	-	187,227	433,793
Disbursements:								
Current:								
Instruction	-	-	61,815	206,382	-	-	136,713	480,896
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	-	61,815	206,382	-	-	136,713	480,896
Excess (deficiency) of receipts over disbursements	-	-	18,281	(21,076)	-	-	50,514	(47,103)
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	-	-	18,281	(21,076)	-	-	50,514	(47,103)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (21,076)	\$ -	\$ -	\$ -	\$ (47,103)

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Sp Ed TA Grant	Pathway/ Tech Prep Grant	Title II Part A 11-12	Title II Part A 12-13	Title II Part A 13-15	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (125)	\$ (7,213)	\$ -	\$ -	\$ 112,542	\$ 9,539,006
Receipts:								
Local sources	-	-	-	-	-	-	-	7,184,649
Intermediate sources	-	-	-	-	-	-	-	53,553
State sources	-	-	-	-	-	-	-	15,960,235
Federal sources	7,603	-	242	26,153	26,821	-	-	1,561,228
Temporary loans	-	-	-	-	-	-	-	25,896
Other	-	-	-	-	-	-	4,318,393	4,394,287
Total receipts	7,603	-	242	26,153	26,821	-	4,318,393	29,179,848
Disbursements:								
Current:								
Instruction	7,603	-	-	-	22,990	-	-	11,302,553
Support services	-	-	117	21,139	7,115	-	-	7,437,078
Noninstructional services	-	-	-	-	-	-	-	1,550,298
Facilities acquisition and construction	-	-	-	-	-	-	-	1,628,423
Debt services	-	-	-	-	-	-	4,306,796	6,211,215
Total disbursements	7,603	-	117	21,139	30,105	-	4,306,796	28,129,567
Excess (deficiency) of receipts over disbursements	-	-	125	5,014	(3,284)	-	11,597	1,050,281
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,311
Transfers in	-	-	-	-	-	-	-	252,509
Transfers out	-	-	-	-	-	-	-	(252,509)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,311
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	125	5,014	(3,284)	-	11,597	1,051,592
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (2,199)	\$ (3,284)	\$ -	\$ 124,139	\$ 10,590,598

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 124,137</u>	<u>\$ 112,646</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Delta-Eaton School Building Corporation	Building Improvements	\$ 1,578,500	12/31/2003	6/30/2015
Delta-Eaton School Building Corporation	Energy Savings (No payments by school corporation due until 2016)	561,000	7/15/2011	1/15/2020
Bank of America Leasing	Energy Savings	221,610	1/1/2009	1/1/2018
Energy Solutions by JMS LLC	Solar Parking Lot Lights	7,578	6/21/2011	6/30/2020
Ikon/Ricoh	Copier	1,896	12/8/2009	12/7/2014
Ikon/Ricoh	Copier	6,772	11/30/2009	11/29/2014
Ikon/Ricoh	Copier	53,733	4/4/2011	4/30/2016
MailFinanace	Postage Machine	1,832	2/1/2012	5/1/2017
MailFinanace	Postage Machine	951	2/1/2012	5/1/2017
MailFinance	Postage Machine	951	2/1/2012	5/1/2017
Total governmental activities		<u>2,434,823</u>		
Total of annual lease payments		<u>\$ 2,434,823</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Pension Severance Buyout		\$ 3,430,000	\$ 424,506
Common School Loan	Technology		122,550	122,550
Total governmental activities			<u>3,552,550</u>	<u>547,056</u>
Totals			<u>\$ 3,552,550</u>	<u>\$ 547,056</u>

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DELAWARE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 181,000
Buildings	34,908,075
Improvements other than buildings	464,132
Machinery, equipment, and vehicles	9,623,159
Total governmental activities	45,176,366
Total capital assets	\$ 45,176,366

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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 DELAWARE COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Delaware Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

Opinion on Each Major Federal Program

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 major federal programs for the period of July 1, 2012 to June 30, 2014.

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


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.

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

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

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

April 27, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

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DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 12-13 FY 13-14	\$ 100,906 -	\$ - 98,749
National School Lunch Program	10.555	FY 12-13 FY 13-14	575,538 -	- 575,126
Summer Food Service Program for Children	10.559	FY 12-13 FY 13-14	25,347 -	- 30,266
Total for federal grantor agency			<u>701,791</u>	<u>704,141</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	12-1875 13-1875 14-1875	58,450 211,200 -	- 80,096 185,306
Total for cluster			<u>269,650</u>	<u>265,402</u>
Pass-Through Indiana Department of Education Special Education Cluster Special Education - Grants to States	84.027	1412-010-PN01 1413-010-PN01 1414-010-PN01 13-1875	231,181 411,594 - -	- 187,227 433,793 7,603
Total for cluster			<u>642,775</u>	<u>628,623</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	11-1875 12-1875 13-1875	75,359 50,301 -	242 26,153 26,821
Total for program			<u>125,660</u>	<u>53,216</u>
School Improvement Grants	84.377	EDS#A58-313DL-0049	69,994	-
Education Jobs Fund	84.410	10-1875	10,274	-
Total for federal grantor agency			<u>1,118,353</u>	<u>947,241</u>
Total federal awards expended			<u>\$ 1,820,144</u>	<u>\$ 1,651,382</u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program		\$ 94,747	\$ 90,154

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee?	no
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DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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.

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

OFFICE OF SUPERINTENDENT
DELAWARE COMMUNITY SCHOOL CORPORATION
7821 State Road 3 North
Muncie, IN 47303
Phone: 765-284-5074
Fax: 765-284-5259

Board of Education

Tyce Stebbins, President
Adam Williams, Vice President
Trent Fox, Secretary
John Adams, Member
Alice Gillis, Member

Steven R. Hall, Superintendent
Darin K. Gullion, Assistant Superintendent

DELAWARE COMMUNITY SCHOOL CORPORATION
CORRECTIVE ACTION PLAN

FINDING 2014 - 001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

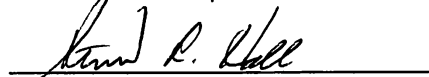
Date of Response: April 27, 2015

Name of contact person responsible for corrective action: Dr. Darin K. Gullion

Child Nutrition Cluster-The claim date was used instead of the process date to report federal awards for the Child Nutrition Cluster. In addition, calculations for commodities were missing the following categories: "No charge used" and "bonus used". Notes have been added to the audit file in regard to calculating the federal awards for the Schedule of Expenditures of Federal Awards. These notes will be used for future reporting.

State Reimbursement-State reimbursement was erroneously receipted into federal reimbursement account numbers-Contact has been made with the Food Service Director and income sheets have been revised to reflect state reimbursement payments and the correct account numbers.

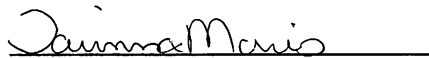
Title I Transfer-The Schedule of Expenditures of Federal Awards erroneously included the transfer of \$38,807.00 from Title II to Title I. Notes have been made in the audit file and the file for the Annual Financial Report that funds transferred from a federal grant to another federal grant are not to be included on the Schedule of Expenditures of Federal Awards. These notes will be used for future reporting.



Signature
Title: Superintendent



Signature
Title: Assistant Superintendent



Signature
Title: Corporation Treasurer

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.