

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH DAVIESS COMMUNITY SCHOOLS
DAVIESS COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
11/20/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda O'Connor	07-1-12 to 12-31-15
Superintendent of Schools	Robert W. Bell	07-1-12 to 12-31-15
President of the School Board	Richard Woodruff	07-1-12 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North Daviess Community Schools (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 September 23, 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

September 23, 2015



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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 NORTH DAVIESS COMMUNITY SCHOOLS, DAVIESS 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 North Daviess Community Schools (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 September 23, 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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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

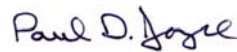
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

North Daviess Community Schools' 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

September 23, 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.

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NORTH DAVIESS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 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	\$ 1,600,952	\$ 7,175,764	\$ 7,355,090	\$ -	\$ 1,421,626	\$ 7,550,639	\$ 7,316,058	\$ -	\$ 1,656,207
Debt Service	250,662	1,207,385	1,194,500	(7,030)	256,517	1,148,094	1,199,500	-	205,111
Retirement/Severance Bond Debt Service	23,049	182,792	177,257	(1,005)	27,579	167,337	168,174	-	26,742
Capital Projects	517,291	1,313,253	998,232	(256,214)	576,098	1,426,784	1,062,296	(200,000)	740,586
School Transportation	543,274	854,920	641,545	(211,363)	545,286	874,493	665,051	(230,990)	523,738
School Bus Replacement	153,614	15,008	-	(100,179)	68,443	20,188	-	(50,000)	38,631
Rainy Day	1,252,753	189,054	-	600,000	2,041,807	212,976	-	500,000	2,754,783
Post-Retirement/Severance Future Benefits	148,000	-	-	-	148,000	-	-	-	148,000
School Lunch	156,576	574,993	516,533	-	215,036	571,274	536,238	-	250,072
Textbook Rental	96	84,809	65,690	-	19,215	106,693	77,240	-	48,668
Self-Insurance	1,380,736	-	-	-	1,380,736	371,483	-	-	1,752,219
Levy Excess	-	-	-	19,010	19,010	-	-	(19,010)	-
Educational License Plates	5,682	55	1,251	-	4,486	94	4,338	-	242
Recycling Grant	34	-	34	-	-	-	-	-	-
Community Foundation Scholarship/ H Lee	-	-	-	-	-	2,760	2,760	-	-
Drug Free Communities	-	-	-	-	-	1,313	1,311	-	2
Drug Free Grant Daviess County	-	-	-	-	-	500	500	-	-
LCC High School Drug Free	-	-	-	-	-	2,000	-	-	2,000
LCC Elementary Drug Free	-	-	-	-	-	450	84	-	366
Non-English Speaking Programs P.L. 273-1999	-	6,201	6,201	-	-	4,453	4,288	-	165
School Technology	14,525	14,714	23,575	-	5,664	25,576	24,583	-	6,657
21st Century Technology High School	9,045	-	-	-	9,045	-	-	-	9,045
High Ability Grant 12/13	-	28,430	26,658	-	1,772	-	1,772	-	-
High Ability Grant 13/14	-	-	-	-	-	28,373	13,829	-	14,544
ISTA Settlement (2013)	-	-	-	-	-	286,500	103,394	-	183,106
Senator David Ford Technology	1,963	-	1,963	-	-	-	-	-	-
Excess PTRC Distributions	31,643	11,576	-	(43,219)	-	-	-	-	-
Title I 11-12	(32,082)	107,941	75,859	-	-	-	-	-	-
Title I 12-13	-	296,615	326,362	-	(29,747)	132,436	102,689	-	-
Title I 13-14	-	-	-	-	-	232,039	267,712	-	(35,673)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	19,732	19,732	-	-	29,480	29,480	-	-
Improving Teacher Quality, No Child Left, Title II, Part A FY 10-11	(599)	827	228	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A FY 12-14	-	17,357	21,431	-	(4,074)	80,047	75,973	-	-
Improving Teacher Quality, No Child Left, Title II, Part A FY 13	-	-	-	-	-	45,383	56,392	-	(11,009)
ITQ, Enhanced Education Through Technology, Title II, Part D	(2,425)	19,256	16,831	-	-	-	-	-	-
2011-13 Title II, Part A Improving Teacher Quality	(2,807)	82,975	85,805	-	(5,637)	5,637	-	-	-
Rural Schools and Low Income Program - Pass Through State	(1,600)	15,018	13,418	-	-	-	-	-	-
Rural and Low Income Grant 11-13	-	5,955	5,955	-	-	16,253	16,253	-	-
Rural and Low Income Grant FY 12	-	1,809	2,412	-	(603)	16,142	18,050	-	(2,511)
Title III - Language Instruction	(555)	6,131	5,576	-	-	-	-	-	-
Title III Non English Speaking/SIEC	-	9,282	2,827	-	6,455	6,908	6,455	-	6,908
Education Jobs	(9,278)	31,474	22,196	-	-	-	-	-	-
Prepaid School Lunch	4,923	300,272	299,879	-	5,316	288,446	283,034	-	10,728
Payroll Withholdings	-	1,544,116	1,544,116	-	-	1,589,226	1,587,213	-	2,013
ECA Payroll	(1,905)	13,797	11,892	-	-	2,888	3,926	-	(1,038)
Totals	\$ 6,043,567	\$ 14,131,511	\$ 13,463,048	\$ -	\$ 6,712,030	\$ 15,246,865	\$ 13,628,593	\$ -	\$ 8,330,302

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

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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.

NORTH DAVIESS COMMUNITY SCHOOLS
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.

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.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Other Financing Sources and Uses

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

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

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

NORTH DAVIESS COMMUNITY SCHOOLS
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
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 Indiana Department of Education requiring that these grant funds be spent prior to being reimbursed. These grant funds were expected to have negative balances because of the manner in which the grants are administered. The reimbursements for the expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the North Daviess School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$1,194,500 and \$1,197,550, respectively.

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Event

On February 16, 2015, the School Board approved a resolution to refinance the First Mortgage Refunding Bonds, Series 2005 on the Elementary School Building. This series will be refinanced with the \$6,885,000 Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2015.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 1,600,952	\$ 250,662	\$ 23,049	\$ 517,291	\$ 543,274	\$ 153,614	\$ 1,252,753	\$ 148,000
Receipts:								
Local sources	57,959	1,207,385	182,792	1,313,253	854,920	15,008	-	-
Intermediate sources	15	-	-	-	-	-	-	-
State sources	7,117,790	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	189,054	-
Other	-	-	-	-	-	-	-	-
Total receipts	7,175,764	1,207,385	182,792	1,313,253	854,920	15,008	189,054	-
Disbursements:								
Current:								
Instruction	5,174,884	-	-	-	-	-	-	-
Support services	2,007,106	-	-	789,755	641,545	-	-	-
Noninstructional services	173,100	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	208,477	-	-	-	-
Debt services	-	1,194,500	177,257	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	7,355,090	1,194,500	177,257	998,232	641,545	-	-	-
Excess (deficiency) of receipts over disbursements	(179,326)	12,885	5,535	315,021	213,375	15,008	189,054	-
Other financing sources (uses):								
Transfers in	-	-	-	-	43,219	-	600,000	-
Transfers out	-	(7,030)	(1,005)	(256,214)	(254,582)	(100,179)	-	-
Total other financing sources (uses)	-	(7,030)	(1,005)	(256,214)	(211,363)	(100,179)	600,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(179,326)	5,855	4,530	58,807	2,012	(85,171)	789,054	-
Cash and investments - ending	\$ 1,421,626	\$ 256,517	\$ 27,579	\$ 576,098	\$ 545,286	\$ 68,443	\$ 2,041,807	\$ 148,000

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Recycling Grant	Community Foundation Scholarship/H Lee	Drug Free Communities
Cash and investments - beginning	\$ 156,576	\$ 96	\$ 1,380,736	\$ -	\$ 5,682	\$ 34	\$ -	\$ -
Receipts:								
Local sources	309,771	51,299	-	-	-	-	-	-
Intermediate sources	-	-	-	-	55	-	-	-
State sources	7,122	33,510	-	-	-	-	-	-
Federal sources	257,803	-	-	-	-	-	-	-
Other	297	-	-	-	-	-	-	-
Total receipts	574,993	84,809	-	-	55	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	34	-	-
Support services	650	65,690	-	-	1,251	-	-	-
Noninstructional services	515,883	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	516,533	65,690	-	-	1,251	34	-	-
Excess (deficiency) of receipts over disbursements	58,460	19,119	-	-	(1,196)	(34)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	19,010	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	19,010	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	58,460	19,119	-	19,010	(1,196)	(34)	-	-
Cash and investments - ending	\$ 215,036	\$ 19,215	\$ 1,380,736	\$ 19,010	\$ 4,486	\$ -	\$ -	\$ -

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

	Drug Free Grant Davieess County	LCC High School Drug Free	LCC Elementary Drug Free	Non-English Speaking Programs P.L. 273-1999	School Technology	21st Century Technology High School	High Ability Grant 12/13	High Ability Grant 13/14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	14,525	9,045	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	6,201	14,714	-	28,430	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,201	14,714	-	28,430	-
Disbursements:								
Current:								
Instruction	-	-	-	6,201	23,575	-	26,658	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	6,201	23,575	-	26,658	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(8,861)	-	1,772	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(8,861)	-	1,772	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	5,664	9,045	1,772	\$ -

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

	ISTA Settlement (2013)	Senator David Ford Technology	Excess PTRC Distributions	Title I 11-12	Title I 12-13	Title I 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teacher Quality, No Child Left, Title II, Part A FY 10-11
Cash and investments - beginning	\$ -	\$ 1,963	\$ 31,643	\$ (32,082)	\$ -	\$ -	\$ -	\$ (599)
Receipts:								
Local sources	-	-	11,576	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	107,941	296,615	-	19,732	-
Other	-	-	-	-	-	-	-	827
Total receipts	-	-	11,576	107,941	296,615	-	19,732	827
Disbursements:								
Current:								
Instruction	-	-	-	72,912	320,323	-	19,732	228
Support services	-	1,963	-	1,973	3,977	-	-	-
Noninstructional services	-	-	-	974	2,062	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	1,963	-	75,859	326,362	-	19,732	228
Excess (deficiency) of receipts over disbursements	-	(1,963)	11,576	32,082	(29,747)	-	-	599
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(43,219)	-	-	-	-	-
Total other financing sources (uses)	-	-	(43,219)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,963)	(31,643)	32,082	(29,747)	-	-	599
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (29,747)	\$ -	\$ -	\$ -

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

	Improving Teacher Quality, No Child Left, Title II, Part A FY 12-14	Improving Teacher Quality, No Child Left, Title II, Part A FY 13	ITQ, Enhanced Education Through Technology, Title II, Part D	2011-13 Title II, Part A Improving Teacher Quality	Rural Schools and Low Income Program - Pass Through State	Rural and Low Income Grant 11-13	Rural and Low Income Grant FY 12
Cash and investments - beginning	\$ -	\$ -	\$ (2,425)	\$ (2,807)	\$ (1,600)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	17,357	-	19,256	82,975	15,018	5,955	1,809
Other	-	-	-	-	-	-	-
Total receipts	17,357	-	19,256	82,975	15,018	5,955	1,809
Disbursements:							
Current:							
Instruction	21,431	-	-	85,805	4,800	2,191	2,412
Support services	-	-	16,831	-	8,618	3,764	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	21,431	-	16,831	85,805	13,418	5,955	2,412
Excess (deficiency) of receipts over disbursements	(4,074)	-	2,425	(2,830)	1,600	-	(603)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,074)	-	2,425	(2,830)	1,600	-	(603)
Cash and investments - ending	\$ (4,074)	\$ -	\$ -	\$ (5,637)	\$ -	\$ -	\$ (603)

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

	Title III - Language Instruction	Title III Non English Speaking/SIEC	Education Jobs	Prepaid School Lunch	Payroll Withholdings	ECA Payroll	Totals
Cash and investments - beginning	\$ (555)	\$ -	\$ (9,278)	\$ 4,923	\$ -	\$ (1,905)	\$ 6,043,567
Receipts:							
Local sources	-	-	-	-	-	-	4,003,963
Intermediate sources	-	-	-	-	-	-	70
State sources	-	-	-	-	-	-	7,207,767
Federal sources	6,131	9,282	31,474	-	-	-	1,060,402
Other	-	-	-	300,272	1,544,116	13,797	1,859,309
Total receipts	6,131	9,282	31,474	300,272	1,544,116	13,797	14,131,511
Disbursements:							
Current:							
Instruction	5,576	2,827	22,196	-	-	-	5,791,785
Support services	-	-	-	-	-	-	3,543,123
Noninstructional services	-	-	-	-	-	-	692,019
Facilities acquisition and construction	-	-	-	-	-	-	208,477
Debt services	-	-	-	-	-	-	1,371,757
Interfund loans	-	-	-	299,879	1,544,116	11,892	1,855,887
Total disbursements	5,576	2,827	22,196	299,879	1,544,116	11,892	13,463,048
Excess (deficiency) of receipts over disbursements	555	6,455	9,278	393	-	1,905	668,463
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	662,229
Transfers out	-	-	-	-	-	-	(662,229)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	555	6,455	9,278	393	-	1,905	668,463
Cash and investments - ending	\$ -	\$ 6,455	\$ -	\$ 5,316	\$ -	\$ -	\$ 6,712,030

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 1,421,626	\$ 256,517	\$ 27,579	\$ 576,098	\$ 545,286	\$ 68,443	\$ 2,041,807	\$ 148,000
Receipts:								
Local sources	63,832	1,148,094	167,337	1,426,784	874,493	20,188	-	-
Intermediate sources	33	-	-	-	-	-	-	-
State sources	7,486,774	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	212,976	-
Other	-	-	-	-	-	-	-	-
Total receipts	7,550,639	1,148,094	167,337	1,426,784	874,493	20,188	212,976	-
Disbursements:								
Current:								
Instruction	5,072,941	-	-	-	-	-	-	-
Support services	2,071,512	-	-	838,425	665,051	-	-	-
Noninstructional services	171,605	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	223,871	-	-	-	-
Debt services	-	1,199,500	168,174	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	7,316,058	1,199,500	168,174	1,062,296	665,051	-	-	-
Excess (deficiency) of receipts over disbursements	234,581	(51,406)	(837)	364,488	209,442	20,188	212,976	-
Other financing sources (uses):								
Transfers in	-	-	-	-	19,010	-	500,000	-
Transfers out	-	-	-	(200,000)	(250,000)	(50,000)	-	-
Total other financing sources (uses)	-	-	-	(200,000)	(230,990)	(50,000)	500,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	234,581	(51,406)	(837)	164,488	(21,548)	(29,812)	712,976	-
Cash and investments - ending	\$ 1,656,207	\$ 205,111	\$ 26,742	\$ 740,586	\$ 523,738	\$ 38,631	\$ 2,754,783	\$ 148,000

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Recycling Grant	Community Foundation Scholarship/H Lee	Drug Free Communities
Cash and investments - beginning	\$ 215,036	\$ 19,215	\$ 1,380,736	\$ 19,010	\$ 4,486	\$ -	\$ -	\$ -
Receipts:								
Local sources	282,363	68,788	371,483	-	-	-	2,760	-
Intermediate sources	-	-	-	-	94	-	-	-
State sources	7,354	37,905	-	-	-	-	-	1,313
Federal sources	281,557	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	571,274	106,693	371,483	-	94	-	2,760	1,313
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	77,240	-	-	4,338	-	2,760	1,311
Noninstructional services	536,238	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	536,238	77,240	-	-	4,338	-	2,760	1,311
Excess (deficiency) of receipts over disbursements	35,036	29,453	371,483	-	(4,244)	-	-	2
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(19,010)	-	-	-	-
Total other financing sources (uses)	-	-	-	(19,010)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,036	29,453	371,483	(19,010)	(4,244)	-	-	2
Cash and investments - ending	\$ 250,072	\$ 48,668	\$ 1,752,219	\$ -	\$ 242	\$ -	\$ -	\$ 2

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

	Drug Free Grant Daviness County	LCC High School Drug Free	LCC Elementary Drug Free	Non-English Speaking Programs P.L. 273-1999	School Technology	21st Century Technology High School	High Ability Grant 12/13	High Ability Grant 13/14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 5,664	\$ 9,045	\$ 1,772	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	500	2,000	450	4,453	25,576	-	-	28,373
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	500	2,000	450	4,453	25,576	-	-	28,373
Disbursements:								
Current:								
Instruction	481	-	84	4,288	24,583	-	1,772	13,829
Support services	19	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	500	-	84	4,288	24,583	-	1,772	13,829
Excess (deficiency) of receipts over disbursements	-	2,000	366	165	993	-	(1,772)	14,544
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,000	366	165	993	-	(1,772)	14,544
Cash and investments - ending	\$ -	\$ 2,000	\$ 366	\$ 165	\$ 6,657	\$ 9,045	\$ -	\$ 14,544

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

	ISTA Settlement (2013)	Senator David Ford Technology	Excess PTRC Distributions	Title I 11-12	Title I 12-13	Title I 13-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Improving Teacher Quality, No Child Left, Title II, Part A FY 10-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (29,747)	\$ -	\$ -	\$ -
Receipts:								
Local sources	286,500	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	132,436	232,039	29,480	-
Other	-	-	-	-	-	-	-	-
Total receipts	286,500	-	-	-	132,436	232,039	29,480	-
Disbursements:								
Current:								
Instruction	-	-	-	-	102,243	264,936	29,480	-
Support services	103,394	-	-	-	446	1,153	-	-
Noninstructional services	-	-	-	-	-	1,623	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	103,394	-	-	-	102,689	267,712	29,480	-
Excess (deficiency) of receipts over disbursements	183,106	-	-	-	29,747	(35,673)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	183,106	-	-	-	29,747	(35,673)	-	-
Cash and investments - ending	\$ 183,106	\$ -	\$ -	\$ -	\$ -	\$ (35,673)	\$ -	\$ -

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

	Improving Teacher Quality, No Child Left, Title II, Part A FY 12-14	Improving Teacher Quality, No Child Left, Title II, Part A FY 13	ITQ, Enhanced Education Through Technology, Title II, Part D	2011-13 Title II, Part A Improving Teacher Quality	Rural Schools and Low Income Program - Pass Through State	Rural and Low Income Grant 11-13	Rural and Low Income Grant FY 12
Cash and investments - beginning	\$ (4,074)	\$ -	\$ -	\$ (5,637)	\$ -	\$ -	\$ (603)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	80,047	45,383	-	5,637	-	16,253	16,142
Other	-	-	-	-	-	-	-
Total receipts	80,047	45,383	-	5,637	-	16,253	16,142
Disbursements:							
Current:							
Instruction	75,973	56,392	-	-	-	2,243	18,050
Support services	-	-	-	-	-	14,010	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	75,973	56,392	-	-	-	16,253	18,050
Excess (deficiency) of receipts over disbursements	4,074	(11,009)	-	5,637	-	-	(1,908)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,074	(11,009)	-	5,637	-	-	(1,908)
Cash and investments - ending	\$ -	\$ (11,009)	\$ -	\$ -	\$ -	\$ -	\$ (2,511)

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

	Title III - Language Instruction	Title III Non English Speaking/SIEC	Education Jobs	Prepaid School Lunch	Payroll Withholdings	ECA Payroll	Totals
Cash and investments - beginning	\$ -	\$ 6,455	\$ -	\$ 5,316	\$ -	\$ -	\$ 6,712,030
Receipts:							
Local sources	-	-	-	-	-	-	4,712,622
Intermediate sources	-	-	-	-	-	-	127
State sources	-	-	-	-	-	-	7,594,698
Federal sources	-	6,908	-	-	-	-	1,058,858
Other	-	-	-	288,446	1,589,226	2,888	1,880,560
Total receipts	-	6,908	-	288,446	1,589,226	2,888	15,246,865
Disbursements:							
Current:							
Instruction	-	6,455	-	-	-	-	5,673,750
Support services	-	-	-	-	-	-	3,779,659
Noninstructional services	-	-	-	-	-	-	709,466
Facilities acquisition and construction	-	-	-	-	-	-	223,871
Debt services	-	-	-	-	-	-	1,367,674
Interfund loans	-	-	-	283,034	1,587,213	3,926	1,874,173
Total disbursements	-	6,455	-	283,034	1,587,213	3,926	13,628,593
Excess (deficiency) of receipts over disbursements	-	453	-	5,412	2,013	(1,038)	1,618,272
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	519,010
Transfers out	-	-	-	-	-	-	(519,010)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	453	-	5,412	2,013	(1,038)	1,618,272
Cash and investments - ending	\$ -	\$ 6,908	\$ -	\$ 10,728	\$ 2,013	\$ (1,038)	\$ 8,330,302

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 398,059</u>	<u>\$ 35,739</u>

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Daviess School Building Corporation	Elementary Building	\$ 1,202,875	7/10/2005	7/10/2021
Suntrust Equipment Finance and Leasing Corporation	Energy Savings Contract	<u>126,330</u>	1/15/2010	7/15/2019
Total governmental activities		<u>1,329,205</u>		
Total of annual lease payments		<u><u>\$ 1,329,205</u></u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Severance Pension Bonds	\$ 84,090 \$ 86,023
Totals		<u><u>\$ 84,090</u></u> <u><u>\$ 86,023</u></u>

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NORTH DAVIESS COMMUNITY SCHOOLS
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.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 17,828,425
Improvements other than buildings	2,036,130
Machinery, equipment, and vehicles	<u>2,517,433</u>
Total governmental activities	<u>22,381,988</u>
Total capital assets	<u><u>\$ 22,381,988</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

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

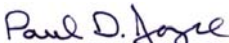
Report on Internal Control Over Compliance

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

September 23, 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.

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	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>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 12/13	\$ 51,300	\$ -
			FY 13/14	-	57,664
Total - School Breakfast Program				51,300	57,664
National School Lunch Program	Indiana Department of Education	10.555			
			FY 12/13	245,302	-
			FY 13/14	-	262,384
Total - National School Lunch Program				245,302	262,384
Total - Child Nutrition Cluster				296,602	320,048
Total - Department of Agriculture				296,602	320,048
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-1375	75,859	-
			13-1375	296,615	132,436
			14-1375	-	232,039
Total - Title I, Part A Cluster				372,474	364,475
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
			13-1375	19,732	-
			14-1375	-	29,480
			14212-009-PN01	74,401	-
			14213-009-PN01	181,566	85,660
			14214-009-PN01	-	158,690
			99914-009-TA01	-	1,848
Total - Special Education_Grants to States				275,699	275,678
Special Education_Preschool Grants	Indiana Department of Education	84.173			
			45713-009-PN01	7,346	-
			45714-009-PN01	-	6,906
Total - Special Education_Preschool Grants				7,346	6,906
Total - Special Education Cluster (IDEA)				283,045	282,584

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

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	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>Department of Education (continued)</u>					
Educational Technology State Grants	Indiana Department of Education	84.318	EDS# A58-1-11IT-026	16,831	-
Rural Education	Indiana Department of Education	84.358	FY 10/12	13,418	-
			FY 12/13	5,955	16,253
			FY 13/14	1,809	16,142
Total - Rural Education				21,182	32,395
English Language Acquisition State Grants	Indiana Department of Education	84.365	01112-011-PN01	5,576	-
			01113-109-PN01	2,827	6,455
Total - English Language Acquisition State Grants				8,403	6,455
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 11/12	80,168	5,637
			FY 12/13	17,357	80,047
			FY 13/14	-	45,383
Total - Improving Teacher Quality State Grants				97,525	131,067
Education Jobs Fund	Indiana Department of Education	84.410	1375	22,196	-
Total - Department of Education				821,656	816,976
<u>Department of Health and Human Services</u>					
Preventive Health and Health Services Block Grant	Indiana State Department of Health	93.991	FY 13/14	-	100
Total federal awards expended				\$ 1,118,258	\$ 1,137,124

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

NORTH DAVIESS COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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	10.555	\$ 38,799	\$ 38,822

Note 3. Daviess-Martin Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement.

NORTH DAVIESS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; 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?	yes

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:

<u> Name of Federal Program or Cluster </u>
Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

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.

During the audit of the SEFA, we noted the following errors: Incorrect program names, misstated program expenditures, and one grant that was omitted from the SEFA. Audit adjustments in the amount of \$511,064 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



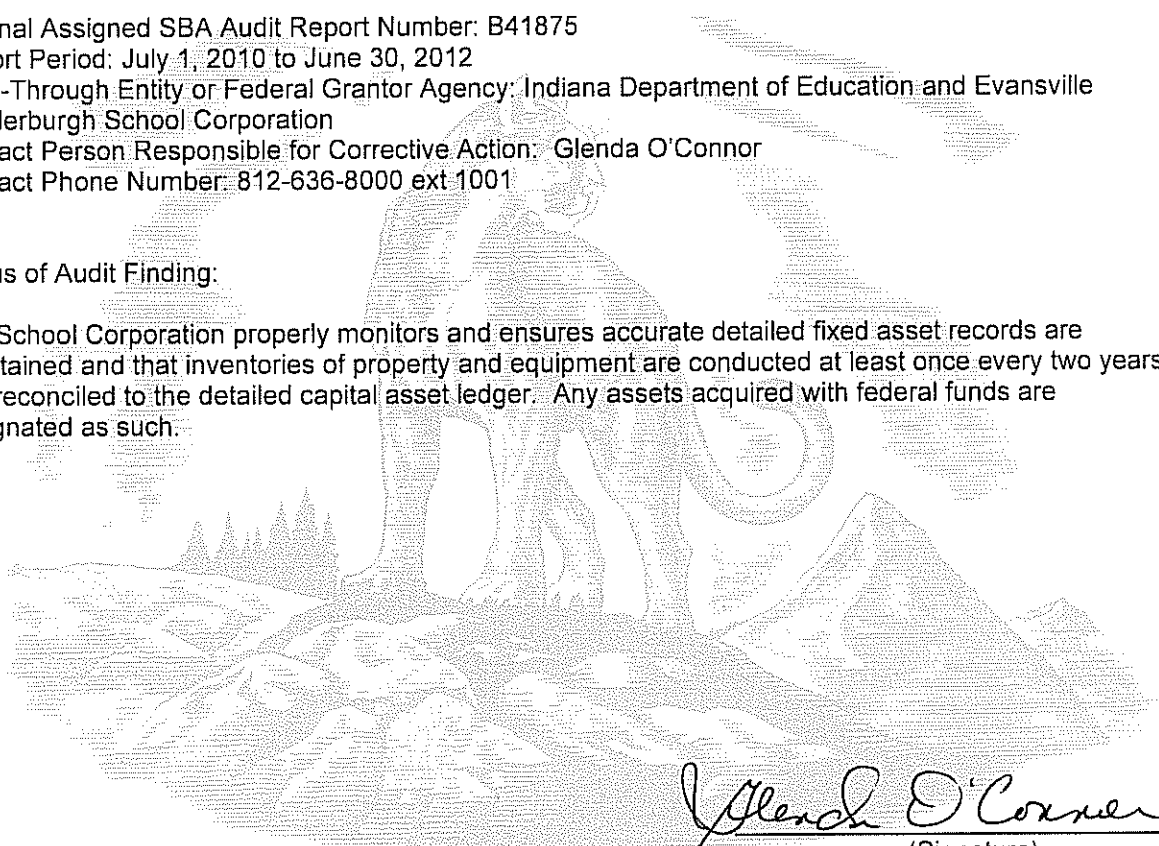
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-1

Original Assigned SBA Audit Report Number: B41875
Report Period: July 1, 2010 to June 30, 2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education and Evansville Vanderburgh School Corporation
Contact Person Responsible for Corrective Action: Glenda O'Connor
Contact Phone Number: 812-636-8000 ext 1001

Status of Audit Finding:

The School Corporation properly monitors and ensures accurate detailed fixed asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any assets acquired with federal funds are designated as such.


Glenda O'Connor
(Signature)

Treasurer
(Title)

5-27-15
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



CORRECTIVE ACTION PLAN

FINDING 2014-001


Contact Person Responsible for Corrective Action: Glenda O'Connor, Treasurer
Contact Phone Number: 812-636-8000, Ext. 1000

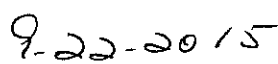
Description of Corrective Action Plan:

Inaccurate disclosure of grants on the Schedule of expenditures of Federal Awards (SEFA) was merely an oversight at the time of data entry for the Gateway Annual Financial Report. In subsequent years, the report related to federal grants included in the schedule will be verified for accuracy by the Deputy Treasurer, Food Service Director and/or Grant Director.

Anticipated Completion Date: September 22, 2015


(Signature)


(Title)


(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.