

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
DEKALB COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
01/28/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angela M. Lockwood	07-01-12 to 07-31-13
	Lance Brauchla	08-01-13 to 07-31-14
	Stephen W. Snider	08-01-14 to 06-30-15
Superintendent of Schools	Dr. Sherry L. Grate	07-01-12 to 06-30-15
President of the School Board	Rob M. Miller	07-01-12 to 12-31-12
	Jay A. Baumgartner	01-01-13 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DEKALB COUNTY CENTRAL
UNITED SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the DeKalb County Central United School District (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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 November 17, 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

November 17, 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 DEKALB COUNTY CENTRAL
UNITED SCHOOL DISTRICT, DEKALB 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 DeKalb County Central United School District (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 November 17, 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 items 2014-001 and 2014-002 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 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 items 2014-001 and 2014-002.

DeKalb County Central United School District'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

November 17, 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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DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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	\$ 1,411,659	\$ 23,769,144	\$ 23,410,378	\$ (2,348)	\$ 1,768,077	\$ 22,910,958	\$ 22,663,131	\$ 62,703	\$ 2,078,607
Debt Service	2,782,237	5,466,129	5,599,067	2,471	2,651,770	4,953,628	6,013,863	-	1,591,535
Retirement/Severance Bond Debt Service	(64,347)	18,243	-	46,104	-	-	-	-	-
Capital Projects	2,196,145	3,512,352	4,042,567	11,615	1,677,545	3,446,452	3,708,011	55,750	1,471,736
School Transportation	1,695,610	3,356,373	3,190,284	(300,000)	1,561,699	3,493,850	3,219,826	(500,000)	1,335,723
School Bus Replacement	16,204	475,726	554,522	-	(62,592)	498,648	475,839	(12,000)	(51,783)
Rainy Day	700,000	-	500	253,896	953,396	-	330,366	512,000	1,135,030
Retirement/Severance Bond	1,870,532	4,564	511,635	-	1,363,461	1,236	191,655	-	1,173,042
Post-Retirement/Severance Future Benefits	81,626	-	-	18,014	99,640	-	-	-	99,640
Construction	1,998,500	-	1,242,243	(50,000)	706,257	-	560,587	-	145,670
School Lunch	416,887	1,859,893	1,995,198	-	281,582	1,845,469	1,969,805	-	157,246
Textbook Rental	206,551	439,506	455,363	47,529	238,223	389,151	459,371	-	168,003
Self-Insurance	461,473	4,390,309	3,658,321	-	1,193,461	3,634,029	3,927,918	-	899,572
Educational License Plates	1,776	319	546	-	1,549	-	436	-	1,113
Alternative Education	11,903	27,674	192,684	170,000	16,893	21,600	120,991	100,000	17,502
Safe Haven 2012-13	-	14,350	14,350	-	-	-	-	-	-
Safe Haven 13-14/SRO Salary	-	-	-	-	-	-	20,187	-	(20,187)
Safe Haven 2014-15 SRO	-	-	-	-	-	9,870	-	-	9,870
Early Intervention 12-13	-	40,000	40,000	-	-	-	-	-	-
Early Intervention 13-14	-	-	-	-	-	-	28,884	-	(28,884)
State General Fund Loan	-	68,074	62,223	-	5,851	53,149	62,223	-	(3,223)
Extra-Curricular Activities	(5,496)	16,107	10,661	-	(50)	8,646	9,275	-	(679)
Miscellaneous Programs	18,972	750	750	-	18,972	3,000	5,127	-	16,845
YMCA Partnership	21,670	1,800	18,103	-	5,367	-	5,367	-	-
Homebound - HP	-	-	-	-	-	22,550	28,179	-	(5,629)
DeKalb Health Partnership	-	-	-	-	-	4,500	4,500	-	-
Professional Development Grant	-	-	-	-	-	138,000	-	-	138,000
Tech Repair Lenovo	-	400	-	-	400	80	-	-	480
Talent Initiative (New Tech DHS)	1,400	122,525	121,025	-	2,900	121,025	293,425	-	(169,500)
Education Technology	-	50,447	50,447	-	-	23,553	23,553	-	-
Non-English Speaking Programs P.L. 273-1999	1,100	-	1,100	-	-	-	-	-	-
Non-English Speaking 2012-13	-	5,185	5,028	-	157	-	-	-	157
School Technology	3,579	65,387	5,246	-	63,720	3,904	48,847	-	18,777
High Ability 2012-13	-	42,328	42,328	-	-	-	590	-	(590)
High Ability 2013-14	-	-	-	-	-	42,738	-	-	42,738
Title I	(40,891)	121,122	80,231	-	-	-	-	-	-
Title I 2012-13	-	385,808	423,033	-	(37,225)	146,047	157,962	49,164	24
Title I 2013-14	-	-	-	-	-	113,737	362,182	-	(248,445)
WTL School Improvement 2008-09	10,000	-	-	(10,000)	-	-	-	-	-
Removal of Architectural Barrier to Handicapped	(7,817)	68,623	60,806	-	-	-	-	-	-
Title II 2011-12	(130)	68,641	31,704	-	36,807	-	5,354	(49,164)	(17,711)
Title II 2012-13	-	-	-	-	-	57,846	98,861	-	(41,015)
21st Century 2009-10	30,000	-	-	(30,000)	-	-	-	-	-
Title III - Language Instruction	-	6,866	6,866	-	-	-	-	-	-
Title III	-	9,144	9,208	-	(64)	8,513	8,449	-	-
New Technology Grants	125,000	-	125,000	-	-	-	-	-	-
Education Jobs	(1,777)	118,746	116,969	-	-	-	-	-	-
Payroll	-	18,915,771	18,915,771	-	-	12,383,311	12,353,539	-	29,772
Prepaid Food	25,624	713,606	711,764	-	27,466	675,241	633,298	-	69,409
Totals	\$ 13,967,990	\$ 64,155,912	\$ 65,705,921	\$ 157,281	\$ 12,575,262	\$ 55,010,731	\$ 57,791,601	\$ 218,453	\$ 10,012,845

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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 may 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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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.

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.

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 may 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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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

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

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

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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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 or from under estimation of current requirements. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013, and June 30, 2014. The deficits of the other funds will be repaid from future receipts.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with DeKalb Central Elementary 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 \$1,170,195 and \$1,756,126, respectively.

The School Corporation has entered into a capital lease with DeKalb Central High School Renovation 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 \$4,350,000 and \$4,070,000, respectively.

The School Corporation has entered into a capital lease with DeKalb County Central 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 \$0 and \$58,000, respectively.

Note 9. Subsequent Events

On November 26, 2014, and March 12, 2015, the DeKalb McKenney-Harrison School Building Corporation issued bonds for construction and renovation at DeKalb Middle School and renovation of the DeKalb High School building. The School Corporation is leasing the buildings with lease payments totaling \$21,676,000.

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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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,411,659	\$ 2,782,237	\$ (64,347)	\$ 2,196,145	\$ 1,695,610	\$ 16,204	\$ 700,000	\$ 1,870,532	\$ 81,626	\$ 1,998,500
Receipts:										
Local sources	639,840	5,466,129	7,046	3,387,907	2,545,468	475,726	-	4,564	-	-
Intermediate sources	14	-	-	-	-	-	-	-	-	-
State sources	22,929,290	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	124,445	810,905	-	-	-	-	-
Interfund loans	200,000	-	-	-	-	-	-	-	-	-
Other	-	-	11,197	-	-	-	-	-	-	-
Total receipts	23,769,144	5,466,129	18,243	3,512,352	3,356,373	475,726	-	4,564	-	-
Disbursements:										
Current:										
Instruction	16,493,092	-	-	-	-	-	-	511,635	-	-
Support services	6,827,013	-	-	2,450,513	2,344,810	554,522	-	-	-	-
Noninstructional services	90,273	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,192,609	-	-	500	-	-	1,242,243
Debt services	-	5,599,067	-	399,445	845,474	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,410,378	5,599,067	-	4,042,567	3,190,284	554,522	500	511,635	-	1,242,243
Excess (deficiency) of receipts over disbursements	358,766	(132,938)	18,243	(530,215)	166,089	(78,796)	(500)	(507,071)	-	(1,242,243)
Other financing sources (uses):										
Sale of capital assets	145,666	-	-	11,615	-	-	-	-	-	-
Transfers in	40,000	50,000	46,104	-	-	-	300,000	-	18,014	-
Transfers out	(188,014)	(47,529)	-	-	(300,000)	-	(46,104)	-	-	(50,000)
Total other financing sources (uses)	(2,348)	2,471	46,104	11,615	(300,000)	-	253,896	-	18,014	(50,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	356,418	(130,467)	64,347	(518,600)	(133,911)	(78,796)	253,396	(507,071)	18,014	(1,292,243)
Cash and investments - ending	\$ 1,768,077	\$ 2,651,770	\$ -	\$ 1,677,545	\$ 1,561,699	\$ (62,592)	\$ 953,396	\$ 1,363,461	\$ 99,640	\$ 706,257

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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	Educational License Plates	Alternative Education	Safe Haven 2012-13	Safe Haven 13-14/SRO Salary	Safe Haven 2014-15 SRO	Early Intervention 12-13	Early Intervention 13-14
Cash and investments - beginning	\$ 416,887	\$ 206,551	\$ 461,473	\$ 1,776	\$ 11,903	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	835,840	323,743	4,350,892	319	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	115,763	-	-	27,674	14,350	-	-	40,000	-
Federal sources	1,021,894	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	2,159	-	39,417	-	-	-	-	-	-	-
Total receipts	1,859,893	439,506	4,390,309	319	27,674	14,350	-	-	40,000	-
Disbursements:										
Current:										
Instruction	-	-	3,625,264	-	192,684	-	-	-	-	-
Support services	-	255,363	33,057	546	-	14,350	-	-	40,000	-
Noninstructional services	1,995,198	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	200,000	-	-	-	-	-	-	-	-
Total disbursements	1,995,198	455,363	3,658,321	546	192,684	14,350	-	-	40,000	-
Excess (deficiency) of receipts over disbursements	(135,305)	(15,857)	731,988	(227)	(165,010)	-	-	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	47,529	-	-	170,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	47,529	-	-	170,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(135,305)	31,672	731,988	(227)	4,990	-	-	-	-	-
Cash and investments - ending	\$ 281,582	\$ 238,223	\$ 1,193,461	\$ 1,549	\$ 16,893	\$ -	\$ -	\$ -	\$ -	\$ -

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

	State General Fund Loan	Extra- Curricular Activities	Miscellaneous Programs	YMCA Partnership	Homebound - HP	DeKalb Health Partnership	Professional Development Grant	Tech Repair Lenovo	Talent Initiative (New Tech DHS)	Education Technology
Cash and investments - beginning	\$ -	\$ (5,496)	\$ 18,972	\$ 21,670	\$ -	\$ -	\$ -	\$ -	\$ 1,400	\$ -
Receipts:										
Local sources	68,074	16,107	750	1,800	-	-	-	400	122,525	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	50,447
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	68,074	16,107	750	1,800	-	-	-	400	122,525	50,447
Disbursements:										
Current:										
Instruction	-	10,661	-	2,772	-	-	-	-	-	-
Support services	-	-	750	15,331	-	-	-	-	-	50,447
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	121,025	-
Debt services	62,223	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	62,223	10,661	750	18,103	-	-	-	-	121,025	50,447
Excess (deficiency) of receipts over disbursements	5,851	5,446	-	(16,303)	-	-	-	400	1,500	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,851	5,446	-	(16,303)	-	-	-	400	1,500	-
Cash and investments - ending	\$ 5,851	\$ (50)	\$ 18,972	\$ 5,367	\$ -	\$ -	\$ -	\$ 400	\$ 2,900	\$ -

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

	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking 2012-13	School Technology	High Ability 2012-13	High Ability 2013-14	Title I Title I	Title I 2012-13	Title I 2013-14	WTL School Improvement 2008-09	Removal of Architectural Barrier to Handicapped
Cash and investments - beginning	\$ 1,100	\$ -	\$ 3,579	\$ -	\$ -	\$ (40,891)	\$ -	\$ -	\$ 10,000	\$ (7,817)
Receipts:										
Local sources	-	-	65,387	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	5,185	-	42,328	-	-	-	-	-	-
Federal sources	-	-	-	-	-	121,122	385,808	-	-	68,623
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,185	65,387	42,328	-	121,122	385,808	-	-	68,623
Disbursements:										
Current:										
Instruction	600	-	-	-	-	68,539	346,107	-	-	-
Support services	-	4,685	5,246	42,328	-	8,788	72,183	-	-	60,806
Noninstructional services	500	343	-	-	-	2,904	4,743	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,100	5,028	5,246	42,328	-	80,231	423,033	-	-	60,806
Excess (deficiency) of receipts over disbursements	(1,100)	157	60,141	-	-	40,891	(37,225)	-	-	7,817
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(10,000)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(10,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,100)	157	60,141	-	-	40,891	(37,225)	-	(10,000)	7,817
Cash and investments - ending	\$ -	\$ 157	\$ 63,720	\$ -	\$ -	\$ -	\$ (37,225)	\$ -	\$ -	\$ -

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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 II 2011-12	Title II 2012-13	21st Century 2009-10	Title III - Language Instruction	Title III	New Technology Grants	Education Jobs	Payroll	Prepaid Food	Totals
Cash and investments - beginning	\$ (130)	\$ -	\$ 30,000	\$ -	\$ -	\$ 125,000	\$ (1,777)	\$ -	\$ 25,624	\$ 13,967,990
Receipts:										
Local sources	-	-	-	-	-	-	-	-	713,606	19,026,123
Intermediate sources	-	-	-	-	-	-	-	-	-	14
State sources	-	-	-	-	-	-	-	-	-	23,225,037
Federal sources	68,641	-	-	6,866	9,144	-	118,746	-	-	1,800,844
Temporary loans	-	-	-	-	-	-	-	-	-	935,350
Interfund loans	-	-	-	-	-	-	-	-	-	200,000
Other	-	-	-	-	-	-	-	18,915,771	-	18,968,544
Total receipts	68,641	-	-	6,866	9,144	-	118,746	18,915,771	713,606	64,155,912
Disbursements:										
Current:										
Instruction	-	-	-	1,356	6,535	-	33,832	-	-	21,293,077
Support services	31,704	-	-	5,510	2,608	-	83,137	-	-	12,903,697
Noninstructional services	-	-	-	-	-	-	-	-	711,764	2,805,725
Facilities acquisition and construction	-	-	-	-	65	125,000	-	-	-	2,681,442
Debt services	-	-	-	-	-	-	-	-	-	6,906,209
Nonprogrammed charges	-	-	-	-	-	-	-	18,915,771	-	18,915,771
Interfund loans	-	-	-	-	-	-	-	-	-	200,000
Total disbursements	31,704	-	-	6,866	9,208	125,000	116,969	18,915,771	711,764	65,705,921
Excess (deficiency) of receipts over disbursements	36,937	-	-	-	(64)	(125,000)	1,777	-	1,842	(1,550,009)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	157,281
Transfers in	-	-	-	-	-	-	-	-	-	671,647
Transfers out	-	-	(30,000)	-	-	-	-	-	-	(671,647)
Total other financing sources (uses)	-	-	(30,000)	-	-	-	-	-	-	157,281
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	36,937	-	(30,000)	-	(64)	(125,000)	1,777	-	1,842	(1,392,728)
Cash and investments - ending	\$ 36,807	\$ -	\$ -	\$ -	\$ (64)	\$ -	\$ -	\$ -	\$ 27,466	\$ 12,575,262

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,768,077	\$ 2,651,770	\$ -	\$ 1,677,545	\$ 1,561,699	\$ (62,592)	\$ 953,396	\$ 1,363,461	\$ 99,640	\$ 706,257
Receipts:										
Local sources	286,506	4,953,628	-	3,446,452	2,599,102	498,648	-	1,236	-	-
Intermediate sources	31	-	-	-	-	-	-	-	-	-
State sources	22,624,421	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	894,748	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	22,910,958	4,953,628	-	3,446,452	3,493,850	498,648	-	1,236	-	-
Disbursements:										
Current:										
Instruction	15,681,397	-	-	-	-	-	284,747	25,811	-	-
Support services	6,898,655	-	-	2,450,364	2,366,214	475,839	-	165,844	-	-
Noninstructional services	83,079	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	938,973	-	-	40,860	-	-	560,587
Debt services	-	6,013,863	-	318,674	853,612	-	4,759	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,663,131	6,013,863	-	3,708,011	3,219,826	475,839	330,366	191,655	-	560,587
Excess (deficiency) of receipts over disbursements	247,827	(1,060,235)	-	(261,559)	274,024	22,809	(330,366)	(190,419)	-	(560,587)
Other financing sources (uses):										
Sale of capital assets	162,703	-	-	55,750	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	512,000	-	-	-
Transfers out	(100,000)	-	-	-	(500,000)	(12,000)	-	-	-	-
Total other financing sources (uses)	62,703	-	-	55,750	(500,000)	(12,000)	512,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	310,530	(1,060,235)	-	(205,809)	(225,976)	10,809	181,634	(190,419)	-	(560,587)
Cash and investments - ending	\$ 2,078,607	\$ 1,591,535	\$ -	\$ 1,471,736	\$ 1,335,723	\$ (51,783)	\$ 1,135,030	\$ 1,173,042	\$ 99,640	\$ 145,670

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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	Educational License Plates	Alternative Education	Safe Haven 2012-13	Safe Haven 13-14/SRO Salary	Safe Haven 2014-15 SRO	Early Intervention 12-13	Early Intervention 13-14
Cash and investments - beginning	\$ 281,582	\$ 238,223	\$ 1,193,461	\$ 1,549	\$ 16,893	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	798,156	269,562	3,589,925	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	119,589	-	-	21,600	-	-	9,870	-	-
Federal sources	1,043,775	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	3,538	-	44,104	-	-	-	-	-	-	-
Total receipts	1,845,469	389,151	3,634,029	-	21,600	-	-	9,870	-	-
Disbursements:										
Current:										
Instruction	-	-	1,959,367	-	120,991	-	-	-	-	-
Support services	1,405	459,371	1,968,551	436	-	-	20,187	-	-	28,884
Noninstructional services	1,968,400	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,969,805	459,371	3,927,918	436	120,991	-	20,187	-	-	28,884
Excess (deficiency) of receipts over disbursements	(124,336)	(70,220)	(293,889)	(436)	(99,391)	-	(20,187)	9,870	-	(28,884)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	100,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	100,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(124,336)	(70,220)	(293,889)	(436)	609	-	(20,187)	9,870	-	(28,884)
Cash and investments - ending	\$ 157,246	\$ 168,003	\$ 899,572	\$ 1,113	\$ 17,502	\$ -	\$ (20,187)	\$ 9,870	\$ -	\$ (28,884)

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	State General Fund Loan	Extra- Curricular Activities	Miscellaneous Programs	YMCA Partnership	Homebound - HP	DeKalb Health Partnership	Professional Development Grant	Tech Repair Lenovo	Talent Initiative (New Tech DHS)	Education Technology
Cash and investments - beginning	\$ 5,851	\$ (50)	\$ 18,972	\$ 5,367	\$ -	\$ -	\$ -	\$ 400	\$ 2,900	\$ -
Receipts:										
Local sources	53,149	8,646	3,000	-	-	4,500	-	80	121,025	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	22,550	-	138,000	-	-	23,553
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	53,149	8,646	3,000	-	22,550	4,500	138,000	80	121,025	23,553
Disbursements:										
Current:										
Instruction	-	9,275	-	-	28,179	4,500	-	-	-	-
Support services	-	-	5,127	5,367	-	-	-	-	-	23,553
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	293,425	-
Debt services	62,223	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	62,223	9,275	5,127	5,367	28,179	4,500	-	-	293,425	23,553
Excess (deficiency) of receipts over disbursements	(9,074)	(629)	(2,127)	(5,367)	(5,629)	-	138,000	80	(172,400)	-
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	(9,074)	(629)	(2,127)	(5,367)	(5,629)	-	138,000	80	(172,400)	-
Cash and investments - ending	\$ (3,223)	\$ (679)	\$ 16,845	\$ -	\$ (5,629)	\$ -	\$ 138,000	\$ 480	\$ (169,500)	\$ -

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking 2012-13	School Technology	High Ability 2012-13	High Ability 2013-14	Title I	Title I 2012-13	Title I 2013-14	WTL School Improvement 2008-09	Removal of Architectural Barrier to Handicapped
Cash and investments - beginning	\$ -	\$ 157	\$ 63,720	\$ -	\$ -	\$ -	\$ (37,225)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	3,904	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	42,738	-	-	-	-	-
Federal sources	-	-	-	-	-	-	146,047	113,737	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,904	-	42,738	-	146,047	113,737	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	21,322	307,484	-	-
Support services	-	-	48,847	590	-	-	135,836	54,000	-	-
Noninstructional services	-	-	-	-	-	-	804	698	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	48,847	590	-	-	157,962	362,182	-	-
Excess (deficiency) of receipts over disbursements	-	-	(44,943)	(590)	42,738	-	(11,915)	(248,445)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	49,164	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	49,164	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(44,943)	(590)	42,738	-	37,249	(248,445)	-	-
Cash and investments - ending	\$ -	\$ 157	\$ 18,777	\$ (590)	\$ 42,738	\$ -	\$ 24	\$ (248,445)	\$ -	\$ -

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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 II 2011-12	Title II 2012-13	21st Century 2009-10	Title III - Language Instruction	Title III	New Technology Grants	Education Jobs	Payroll	Prepaid Food	Totals
Cash and investments - beginning	\$ 36,807	\$ -	\$ -	\$ -	\$ (64)	\$ -	\$ -	\$ -	\$ 27,466	\$ 12,575,262
Receipts:										
Local sources	-	-	-	-	-	-	-	-	675,241	17,312,760
Intermediate sources	-	-	-	-	-	-	-	-	-	31
State sources	-	-	-	-	-	-	-	-	-	23,002,321
Federal sources	-	57,846	-	-	8,513	-	-	-	-	1,369,918
Temporary loans	-	-	-	-	-	-	-	-	-	894,748
Other	-	-	-	-	-	-	-	12,383,311	-	12,430,953
Total receipts	-	57,846	-	-	8,513	-	-	12,383,311	675,241	55,010,731
Disbursements:										
Current:										
Instruction	-	-	-	-	2,998	-	-	-	-	18,446,071
Support services	5,354	98,861	-	-	5,451	-	-	-	-	15,218,736
Noninstructional services	-	-	-	-	-	-	-	-	633,298	2,686,279
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,833,845
Debt services	-	-	-	-	-	-	-	-	-	7,253,131
Nonprogrammed charges	-	-	-	-	-	-	-	12,353,539	-	12,353,539
Total disbursements	5,354	98,861	-	-	8,449	-	-	12,353,539	633,298	57,791,601
Excess (deficiency) of receipts over disbursements	(5,354)	(41,015)	-	-	64	-	-	29,772	41,943	(2,780,870)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	218,453
Transfers in	-	-	-	-	-	-	-	-	-	661,164
Transfers out	(49,164)	-	-	-	-	-	-	-	-	(661,164)
Total other financing sources (uses)	(49,164)	-	-	-	-	-	-	-	-	218,453
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(54,518)	(41,015)	-	-	64	-	-	29,772	41,943	(2,562,417)
Cash and investments - ending	\$ (17,711)	\$ (41,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,772	\$ 69,409	\$ 10,012,845

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DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Xerox	Copier	\$ 25,000	12/21/2010	9/30/2019
Ricoh	Copiers	9,002	9/1/2010	8/31/2015
DeKalb Central Elementary School Building Corporation	Construction of Country Meadows Elementary School	1,142,544	1/5/2005	1/5/2016
DeKalb Central High School Renovation Building Corporation	DeKalb High School Building Renovation	2,010,000	6/30/2007	12/31/2014
DeKalb County Central School Building Corporation	Deferred Maintenance at all School Buildings	<u>1,140,842</u>	6/30/2014	12/31/2023
Total of annual lease payments		<u>\$ 4,327,388</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	DeKalb High School New Tech Renovation and Country Meadow Elementary School Renovations	\$ 1,940,000	\$ 84,400
General obligation bonds	Building Renovation and Equipment	2,000,000	1,150
Common School Loan A1569	Technology	39,760	26,838
Common School Loan A1653	Technology	<u>61,667</u>	<u>25,222</u>
Totals		<u>\$ 4,041,427</u>	<u>\$ 137,610</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE DEKALB COUNTY CENTRAL
UNITED SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the DeKalb County Central United School District'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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-005 to be material weaknesses.

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

The School Corporation's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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


Paul D. Joyce, CPA
State Examiner

November 17, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2013, and June 30, 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			
			FY12-13	\$ 199,182	\$ -
			FY13-14	-	198,890
				<u>199,182</u>	<u>198,890</u>
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555			
			FY12-13	870,563	-
			FY13-14	-	891,062
				<u>870,563</u>	<u>891,062</u>
Total - National School Lunch Program					
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY12-13	59,337	-
			FY13-14	-	62,936
				<u>59,337</u>	<u>62,936</u>
Total - Summer Food Service Program for Children					
Total - Child Nutrition Cluster				<u>1,129,082</u>	<u>1,152,888</u>
Total - Department of Agriculture				<u>1,129,082</u>	<u>1,152,888</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-1835	160,397	-
			13-1835	385,808	146,047
			14-1835	-	113,737
				<u>546,205</u>	<u>259,784</u>
Total - Title I, Part A Cluster					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14212-046-PN01	320,312	-
			14213-046-PN01	556,901	330,173
			14214-046-PN01	-	604,711
			99914-046-TA01	-	9,109
				<u>877,213</u>	<u>943,993</u>
Total - Special Education - Grants to States					

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013, and June 30, 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>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45713-046-PN01	36,383	-
			45714-046-PN01	-	34,750
				<u>36,383</u>	<u>34,750</u>
Total - Special Education - Preschool Grants				<u>36,383</u>	<u>34,750</u>
Total - Special Education Cluster (IDEA)				<u>913,596</u>	<u>978,743</u>
Improving Teacher Quality State Grants					
	Indiana Department of Education	84.367			
			FY 10	68,623	-
			FY 11	68,641	-
			FY 12	-	57,846
				<u>137,264</u>	<u>57,846</u>
Total - Improving Teacher Quality State Grants				<u>137,264</u>	<u>57,846</u>
English Language Acquisition State Grants					
	Indiana Department of Education	84.365			
			01112-060-PN01	6,866	-
			01113-101-PN01	9,144	8,514
				<u>16,010</u>	<u>8,514</u>
Total - English Language Acquisition State Grants				<u>16,010</u>	<u>8,514</u>
Education Jobs Fund					
	Indiana Department of Education	84.410			
			SA10A100015	118,747	-
				<u>118,747</u>	<u>-</u>
Total - Education Jobs Fund				<u>118,747</u>	<u>-</u>
Total - Department of Education				<u>1,731,822</u>	<u>1,304,887</u>
Total federal awards expended				<u>\$ 2,860,904</u>	<u>\$ 2,457,775</u>

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2013 and 2014:

Program Title	Federal CFDA Number	For the Year Ended June 30, 2013	For the Year Ended June 30, 2014
English Language Acquisition State Grants:	84.365		
Bluffton-Harrison Metropolitan School District		\$ 1,202	\$ 2,151
Northern Wells Community Schools		4,133	848
Oak Hill School Corporation		1,285	-
Huntington County Community School Corporation		1,272	-

Note 3. 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	For the Year Ended June 30, 2013	For the Year Ended June 30, 2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	<u>\$ 126,401</u>	<u>\$ 128,932</u>

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster; Unmodified for Title I, Part A Cluster and Special Education Cluster (IDEA)
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

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 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipts and cash and investments. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
 - a. One individual writes receipts, posts receipts, makes the bank deposit, and takes the deposit to the bank.
 - b. Bank reconciliations were not being subjected to a review or approval process.
2. Monitoring of Controls: An evaluation by the School Corporation of its system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation, to monitor and assess the quality of the system of internal control.
3. During the audit of the financial statement for FY 2013/2014, we noted the School Corporation had over reported \$1,868,989 in total cash receipts and over reported \$3,899,355 in total cash disbursements. Audit adjustments netting a positive \$2,030,366 to the June 30, 2014 total cash balance were proposed, accepted by the School Corporation, and made to the financial statement presented in this report.

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)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FINDING 2014-002 - INTERNAL CONTROLS OVER THE 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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the School Corporation had failed to report any expenditures for FY 2012/2013. Audit adjustments totaling \$2,860,904 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. For FY 2013/2014, the SEFA had underreported \$146,047 in expenditures for Title I, Part A Cluster; and omitted the expenditures for the Child Nutrition Cluster, Special Education Cluster, and the English Language Acquisition State Grants. Audit adjustments totaling \$2,286,192 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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

FINDING 2014-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE TITLE I, PART A CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years: 12-1835, 13-1835, 14-835, FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the programs: Allowable Costs, Cash Management, Reporting, and Special Test and Provisions - Private School Children.

Allowable Costs

The School Corporation has not designed or implemented adequate policies or procedures to ensure that allowable costs were properly determined in compliance with program requirements. Although more than one person is responsible for approving disbursements, costs that were not allowable were included. An oversight or review process has not been established to ensure accurate allowable costs determinations.

Cash Management, Reporting

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared. One employee was solely responsible for preparing and submitting all required reports. There was no segregation of duties, such as an oversight or approval process.

Special Test and Provisions - Private School Children

The School Corporation has not designed or implemented adequate policies or procedures to ensure that private school children participation is monitored for compliance with program requirements. An oversight or review process has not been established to ensure proper private school children participation.

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-004 - TITLE I, PART A CLUSTER ALLOWABLE COST REQUIREMENTS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years: 12-1835, 13-1835, 14-1835, FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

The School Corporation has designated the five elementary schools to be eligible to receive Title I services. In the 2012-2013 school year, the School Corporation paid a Title I teacher for Cheer Coach services. The total of the payments made to the teacher from Title I funds for Cheer Coach services during the audit period was \$3,108. Cheer Coach services are not an allowable cost for Title I and is considered a questioned cost for the Title I program.

Total questioned costs in relation to the Title I grant are \$3,108.

34 CFR 80.22 states:

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

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

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

FINDING 2014-005 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the programs: Activities Allowed, Allowable Costs, Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Test and Provisions - School Food Accounts.

Activities Allowed, Allowable Costs

The School Corporation has not designed or implemented adequate policies or procedures to ensure that activities allowed and allowable costs were properly determined to be in compliance with program requirements. One person is solely responsible for approving disbursements. An oversight or review process has not been established to ensure accurate activities allowed and allowable costs determinations.

Cash Management

The School Corporation has not designed or implemented adequate policies or procedures to ensure that cash management is monitored for compliance with program requirements. No one monitors the fund balances to ensure that the balances do not exceed the allowable limits.

Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation has not designed or implemented adequate policies or procedures to ensure that students' eligibility for free and reduced price lunches and verification of free and reduced price applications is properly determined in compliance with program requirements. One person is solely responsible for inputting applications into the computer software system which determines eligibility. One person is solely responsible for completing the verification of free and reduced price applications. An oversight or review process has not been established to ensure accurate eligibility determinations and verification of free and reduced price applications.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Program Income

The School Corporation has not designed or implemented adequate policies or procedures to ensure that program income was received and posted into the School Lunch fund and properly deposited into the bank account.

Reporting

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared. One employee was solely responsible for preparing and submitting all required reports. There was no segregation of duties, such as an oversight or approval process.

Special Test and Provisions - School Food Accounts

The School Corporation has not designed or implemented adequate policies or procedures to ensure that school food accounts are monitored for compliance with program requirements. No one monitors the fund transactions to ensure that transactions are posted to the School Lunch fund.

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

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-006 - CHILD NUTRITION CLUSTER REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Monthly Claim for Reimbursement

The Indiana Department of Education requires school corporations to submit a monthly Sponsor Claim Summary (reimbursement report) that includes the number of free, reduced price, and paid meals served to the eligible students and the number of snacks provided to students. The claim for reimbursement should be supported by the School Corporation's records for the number of free, reduced price, and paid meals served to eligible students and the number of snacks provided to students. The School Corporation could not provide sufficient supporting records to substantiate the number of meals claimed for the months tested. Therefore, the meal counts claimed could not be verified.

Annual Financial Report

The Annual Financial Report filed by the School Corporation with the Indiana Department of Education, for the fiscal years ending June 30, 2013 and 2014, did not agree with the School Corporation's financial records. The Annual Financial Report was filed using the School Extra-Curricular Account ledger which includes school lunch activity and prepaid student account activity. The report should be prepared based on the School Corporation's financial statement as presented from the School Corporation's School Lunch fund.

7 CFR 210.8(a)(5) states:

"Recordkeeping. School food authorities shall maintain on file, each month's Claim for Reimbursement and all data used in the claims review process, by school. Records shall be retained as specified in §210.23(c) of this part. School food authorities shall make this information available to the Department and the State agency upon request."

7 CFR 210.8(c) states in part:

"Content of claim. The Claim for Reimbursement shall include data in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the Report of School Program Operations required under §210.5(d) of this part. Such data shall include, at a minimum, the number of free, reduced price and paid lunches and meal supplements served to eligible children. The claim shall be signed by a school food authority official . . . "

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract, and subgrant award documents, etc. . . . "

Noncompliance of the Reporting requirements of the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation officials ensure that all required reports are prepared on an accurate basis, in accordance with the Reporting requirements, and that all records are retained in accordance with retention requirements.

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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 – ELIGIBILITY VERIFICATION

Federal Agency: US Department of Agriculture
Federal Program: National School Lunch Program, School Breakfast Program
CFGD Number: 10.555, 10.553
Federal Award Number and Year: 1835 FY12
Pass-Through Entity: Indiana Department of Education

Finding 2012-1 Corrective Action: DeKalb County Central United School District has added a second review to all verification requests. One employee will perform the verification of income and another employee will review it for accuracy.


Status of Audit Finding: Ongoing development for compliance.

FINDING 2012-2 – REPORTING

Federal Agency: US Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year: 1835 FY11 and FY12
Pass-Through Entity: Indiana Department of Education

Finding 2012-2 Corrective Action: Reconciliation procedures have been added to the Food Services accounting process to ensure that the Annual Financial Report submitted to the Department of Education agree with the Financial Report School Extra-Curricular Account (SA5).

Status of Audit Finding: Ongoing development for compliance. New employees in Food Service and the Business Office will ensure future reports will coincide.



Signature
CFO

Title
04/16/15

Date



CORRECTIVE ACTION PLAN

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Steve Snider

Contact Phone Number: 260-920-1011

Description of Corrective Action Plan:

1. Lack of Segregation of Duties – the district will establish segregation of duties by dividing all processes between at least two people.
2. Monitoring of Controls – where possible, controls are divided in New World. Other controls will be established to ensure proper safeguarding of processes, data, and assets.
3. The form 9 misstatement as of June 30, 2014 has already been corrected as of the December 31, 2014 form 9 submission. New bank reconciliation processes and verification reports are being established.

FINDING 2014-002 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Steve Snider

Contact Phone Number: 260-920-1011

Description of Corrective Action Plan: An additional verification by someone other than the preparer will be added to the SEFA reporting process.

FINDING 2014-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE TITLE I, PART A CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies

CFDA Numbers: 84.010

Federal Award Years: FY 2012/13, FY 2013/14

Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: An additional verification by someone other than the preparer will be added to the Title I reporting process.



FINDING 2014-004 - TITLE I, PART A CLUSTER ALLOWABLE COST REQUIREMENTS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010 Federal Award Number and Year: FY 2012/13, FY 2013/14
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: An additional verification by someone other than the preparer will be added to the Title I reporting process.

FINDING 2014-005 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER


Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 2012/2013, FY 2013/2014

Description of Corrective Action Plan: Where possible, controls are divided in New World. Other controls will be established to ensure proper safeguarding of processes, data, and assets.

FINDING 2014-006 - CHILD NUTRITION CLUSTER REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY 2012/2013, FY 2013/2014

Description of Corrective Action Plan: Many improvements to the food service funding have already occurred and been reviewed by SBOA auditors. The financial report and Form SA5 will be prepared by Food Service Director and reviewed by CFO.



Signature
CFO

Title
04/16/15

Date

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/>.