

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

AUDIT REPORT

OF

DELAWARE COMMUNITY SCHOOL CORPORATION

DELAWARE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/02/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris	07-01-06 to 06-30-09
Superintendent of Schools	R. Stephen Gookins Patrick W. Mapes Steven R. Hall	07-01-06 to 06-30-07 07-01-07 to 03-19-09 03-20-09 to 06-30-12
President of the School Board	Sean Burcham Harry Fowler Norbert Heban	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 28, 2009, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 28, 2009



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated April 28, 2009.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 28, 2009

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 12,433,308	\$ -	\$ 98,073	\$ (12,335,235)
Support services	9,999,927	764,413	451,437	(8,784,077)
Community services	273,934	-	-	(273,934)
Nonprogrammed charges	606,760	-	-	(606,760)
Debt service	2,482,874	-	-	(2,482,874)
Total government	<u>\$ 25,796,803</u>	<u>\$ 764,413</u>	<u>\$ 549,510</u>	<u>(24,482,880)</u>
General receipts:				
Property taxes				5,231,972
Other local sources				1,138,404
State aid				11,746,001
Grants and contributions not restricted to specific programs				1,156,093
Sale of property, adjustments, and refunds				27,265
Investment earnings				479,421
Total general receipts				<u>19,779,156</u>
Change in net assets				(4,703,724)
Net assets - beginning				<u>10,613,158</u>
Net assets - ending				<u>\$ 5,909,434</u>
<u>Assets</u>				
Cash and investments				\$ 5,600,320
Restricted assets:				
Cash and investments				<u>309,114</u>
Total assets				<u>\$ 5,909,434</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 309,114
Unrestricted				<u>5,600,320</u>
Total net assets				<u>\$ 5,909,434</u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 12,910,845	\$ -	\$ 296,623	\$ (12,614,222)
Support services	9,957,013	777,599	533,920	(8,645,494)
Community services	300,508	-	-	(300,508)
Nonprogrammed charges	645,576	-	-	(645,576)
Debt service	2,351,674	-	-	(2,351,674)
Total government	<u>\$ 26,165,616</u>	<u>\$ 777,599</u>	<u>\$ 830,543</u>	<u>(24,557,474)</u>
General receipts:				
Property taxes				9,811,505
Other local sources				1,900,703
State aid				11,264,350
Grants and contributions not restricted to specific programs				1,202,536
Sale of property, adjustments, and refunds				22,376
Investment earnings				258,344
Total general receipts				<u>24,459,814</u>
Change in net assets				(97,660)
Net assets - beginning				<u>5,909,434</u>
Net assets - ending				<u>\$ 5,811,774</u>
<u>Assets</u>				
Cash and investments				\$ 5,308,345
Restricted assets:				
Cash and investments				<u>503,429</u>
Total assets				<u>\$ 5,811,774</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 503,429
Unrestricted				<u>5,308,345</u>
Total net assets				<u>\$ 5,811,774</u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 3,021,565	\$ 794,933	\$ -	\$ 1,299,593	\$ 1,234,906	\$ 35,949	\$ 1,224,405	\$ 7,611,351
Intermediate sources	365	-	-	-	-	-	2,494	2,859
State sources	11,828,632	-	-	-	-	-	332,108	12,160,740
Federal sources	-	-	-	-	-	-	1,290,864	1,290,864
Sale of property, adjustments and refunds	13,418	1,274	-	-	3,306	-	9,267	27,265
Total receipts	14,863,980	796,207	-	1,299,593	1,238,212	35,949	2,859,138	21,093,079
Disbursements:								
Current:								
Instruction	11,504,276	-	-	-	-	-	929,032	12,433,308
Support services	4,496,888	1,200,895	-	-	2,515,751	323,489	1,462,904	9,999,927
Community services	272,371	-	-	-	-	-	1,563	273,934
Nonprogrammed charges	461,317	-	-	-	-	-	145,443	606,760
Debt services	-	-	-	2,269,998	-	-	212,876	2,482,874
Total disbursements	16,734,852	1,200,895	-	2,269,998	2,515,751	323,489	2,751,818	25,796,803
Excess (deficiency) of receipts over disbursements	(1,870,872)	(404,688)	-	(970,405)	(1,277,539)	(287,540)	107,320	(4,703,724)
Other financing sources (uses):								
Transfers in	182,304	-	-	-	-	-	138,012	320,316
Transfers out	-	-	-	(17,333)	-	-	(302,983)	(320,316)
Total other financing sources (uses)	182,304	-	-	(17,333)	-	-	(164,971)	-
Deficiency of receipts and other financing sources over disbursements and other financing uses	(1,688,568)	(404,688)	-	(987,738)	(1,277,539)	(287,540)	(57,651)	(4,703,724)
Cash and investments - beginning	6,263,767	773,952	460,000	1,271,149	741,412	256,563	846,315	10,613,158
Cash and investments - ending	\$ 4,575,199	\$ 369,264	\$ 460,000	\$ 283,411	\$ (536,127)	\$ (30,977)	\$ 788,664	\$ 5,909,434
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 4,575,199	\$ 369,264	\$ 460,000	\$ -	\$ (536,127)	\$ (30,977)	\$ 762,961	\$ 5,600,320
Restricted assets:								
Cash and investments	-	-	-	283,411	-	-	25,703	309,114
Total cash and investment assets - ending	\$ 4,575,199	\$ 369,264	\$ 460,000	\$ 283,411	\$ (536,127)	\$ (30,977)	\$ 788,664	\$ 5,909,434
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 283,411	\$ -	\$ -	\$ 25,703	\$ 309,114
Unrestricted	4,575,199	369,264	460,000	-	(536,127)	(30,977)	762,961	5,600,320
Total cash and investment fund balance - ending	\$ 4,575,199	\$ 369,264	\$ 460,000	\$ 283,411	\$ (536,127)	\$ (30,977)	\$ 788,664	\$ 5,909,434

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

DELAWARE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,085,162	\$ 1,580,455	\$ -	\$ 2,101,650	\$ 2,365,411	\$ 124,311	\$ 1,489,981	\$ 12,746,970
Intermediate sources	-	-	-	-	-	-	1,181	1,181
State sources	11,515,486	-	-	-	-	-	391,708	11,907,194
Federal sources	-	-	-	-	-	-	1,390,235	1,390,235
Sale of property, adjustments and refunds	8,903	516	-	-	5,760	200	6,997	22,376
Total receipts	16,609,551	1,580,971	-	2,101,650	2,371,171	124,511	3,280,102	26,067,956
Disbursements:								
Current:								
Instruction	11,966,260	-	-	-	-	-	944,585	12,910,845
Support services	4,817,569	1,402,334	-	-	1,994,215	204,495	1,538,400	9,957,013
Community services	298,414	-	-	-	-	-	2,094	300,508
Nonprogrammed charges	550,353	-	-	-	-	-	95,223	645,576
Debt services	-	-	-	1,930,325	-	-	421,349	2,351,674
Total disbursements	17,632,596	1,402,334	-	1,930,325	1,994,215	204,495	3,001,651	26,165,616
Excess (deficiency) of receipts over disbursements	(1,023,045)	178,637	-	171,325	376,956	(79,984)	278,451	(97,660)
Other financing sources (uses):								
Transfers in	46,076	-	140,000	-	-	-	112,953	299,029
Transfers out	-	(140,000)	-	(22,334)	-	-	(136,695)	(299,029)
Total other financing sources (uses)	46,076	(140,000)	140,000	(22,334)	-	-	(23,742)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(976,969)	38,637	140,000	148,991	376,956	(79,984)	254,709	(97,660)
Cash and investments - beginning	4,575,199	369,264	460,000	283,411	(536,127)	(30,977)	788,664	5,909,434
Cash and investments - ending	\$ 3,598,230	\$ 407,901	\$ 600,000	\$ 432,402	\$ (159,171)	\$ (110,961)	\$ 1,043,373	\$ 5,811,774
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 3,598,230	\$ 407,901	\$ 600,000	\$ -	\$ (159,171)	\$ (110,961)	\$ 972,346	\$ 5,308,345
Restricted assets:								
Cash and investments	-	-	-	432,402	-	-	71,027	503,429
Total cash and investment assets - ending	\$ 3,598,230	\$ 407,901	\$ 600,000	\$ 432,402	\$ (159,171)	\$ (110,961)	\$ 1,043,373	\$ 5,811,774
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 432,402	\$ -	\$ -	\$ 71,027	\$ 503,429
Unrestricted	3,598,230	407,901	600,000	-	(159,171)	(110,961)	972,346	5,308,345
Total cash and investment fund balance - ending	\$ 3,598,230	\$ 407,901	\$ 600,000	\$ 432,402	\$ (159,171)	\$ (110,961)	\$ 1,043,373	\$ 5,811,774

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

DELAWARE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2007

	Private-Purpose Trust Funds
Cash and investment fund balance - beginning	\$ <u>1,121</u>
Cash and investment fund balance - ending	\$ <u><u>1,121</u></u>
Net assets:	
Cash and investments	\$ <u>1,121</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>1,121</u></u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	Private-Purpose Trust Funds
Cash and investment fund balance - beginning	\$ <u>1,121</u>
Cash and investment fund balance - ending	\$ <u><u>1,121</u></u>
Net assets:	
Cash and investments	\$ <u>1,121</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>1,121</u></u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. 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.

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. There are no component units which require inclusion.

Joint Venture

The primary government is a participant with Muncie Community Schools, Blackford County Schools, Cowan Community School Corporation, Harrison-Washington School Corporation, Mt. Pleasant Township School Corporation, and Daleville School Corporation in a joint venture to operate the Delaware/Blackford Special Education Cooperative which was created to educate handicapped children. The primary government is obligated by contract to remit its shared cost billing annually to supplement the Cooperative. Complete financial statements for the Cooperative can be obtained from Muncie Community Schools, 2501 North Oakwood, Muncie, IN 47304.

The primary government is a participant with Alexandria Community School Corporation, Eastern Howard School Corporation, Elwood Community School Corporation, Madison-Grant United School Corporation, Mt. Pleasant Township Community School Corporation, Peru Community School Corporation and Heartland Career Center in a joint venture to operate the North Central Indiana School Insurance Consortium which was created to provide employee health benefits, employee welfare benefits and other insurance needs. The primary government is obligated by contract to remit premiums due annually to supplement the Consortium. Complete financial statements for the Consortium can be obtained from Delaware Community School Corporation, 7821 State Road 3 North, Muncie, IN 47303.

The primary government is a participant with various schools and educational service centers in a joint venture to operate the Educational Service Centers Risk Funding Trust which was created to provide liability insurance, property and casualty insurance, worker's compensation insurance, automobile liability insurance, professional liability insurance, boiler and machinery insurance, crime insurance and other insurance. The primary government is obligated by contract to remit premiums due semiannually to supplement the Trust. Complete financial statements for the Trust can be obtained from the Educational Service Centers Risk Funding Trust, 107 North Walnut Street, Columbia City, IN 46725.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental fund is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2006
Special Education Preschool	<u>\$ 99,750</u>

These disbursements were funded by greater than anticipated receipts.

C. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	06-30-07	06-30-08
Capital Projects	\$ 536,127	\$ 159,171
School Bus Replacement	30,977	110,961
School to Work Development Act	1,800	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$6,333,292.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2007	2008
Debt Service	Other governmental funds	\$ 17,333	\$ 22,334
Transportation Operating	Rainy Day	-	140,000
Other governmental funds	General Fund	182,304	46,076
	Other governmental funds	120,679	90,619
Totals		<u>\$ 320,316</u>	<u>\$ 299,029</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1 2006
Other Funds	\$ 1,298,038	\$ (451,723)	\$ 846,315
Rainy Day	-	460,000	460,000
Private-Purpose Trust Fund	9,399	(8,278)	1,121

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risk of errors and omissions is covered by commercial insurance from an independent third party. Settled claims from this risk have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Torts, Theft of, Damage to and Destruction of Assets, Errors and Omissions
and Job Related Illnesses or Injuries to Employees and Natural Disasters

During 2008, the School Corporation joined with other governmental entities to form the Educational Service Centers Risk Funding Trust, a public entity risk pool currently operating as a common risk management and insurance program for twenty-two member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of torts;

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

theft of, damage to, and destruction of assets; job related illnesses or injuries to employees and natural disasters. The School Corporation pays an annual premium to the risk pool for its insurance coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

Medical Benefits to Employees, Retirees and Dependents

During 2002, the School Corporation joined with other governmental entities to form the North Central Indiana School Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical, vision and dental benefits to employees, retirees and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured individual. The risk pool obtains independent coverage for insured events in excess of the \$100,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Delta-Eaton School Building Holding 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 year totaled \$1,898,702 for 2006-2007 and \$1,930,325 for 2007-2008.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

PERF 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. The report may be obtained by contacting:

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 171,967
Interest on net pension obligation	(14,510)
Adjustment to annual required contribution	16,536
Annual pension cost	173,993
Contributions made	151,722
Increase in net pension obligation	22,271
Net pension obligation, beginning of year	(200,143)
Net pension obligation, end of year	\$ (177,872)
	PERF
Contribution rates:	
School Corporation	5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 113,885	129%	\$ (186,488)
	06-30-06	130,422	110%	(200,143)
	06-30-07	173,993	87%	(177,872)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

DELAWARE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$358,347, \$331,125, and \$300,089, respectively. The School Corporation actually contributed all of the required contribution for each of the fiscal years.

DELAWARE COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 2,438,575	\$ 2,250,134	\$ 188,441	108%	\$ 2,785,362	7%
07-01-06	2,085,575	2,224,812	(139,237)	94%	2,622,182	(5%)
07-01-07	2,395,974	2,447,175	(51,201)	98%	2,862,468	(2%)

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Criminal Justice Grant	Early Intervention Grant 06-07
Receipts:							
Local sources	\$ 7,697	\$ 672,202	\$ 224,612	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	2,494	-	-	-
State sources	97,486	22,543	50,534	-	4,944	11,536	124,353
Federal sources	-	378,360	-	-	-	-	-
Sale of property, adjustments and refunds	-	9,267	-	-	-	-	-
Total receipts	105,183	1,082,372	275,146	2,494	4,944	11,536	124,353
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	20,653
Support services	-	1,025,827	221,304	-	-	14,461	103,700
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	143,643	-	-	1,800	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	143,643	1,025,827	221,304	1,800	-	14,461	124,353
Excess (deficiency) of receipts over disbursements	(38,460)	56,545	53,842	694	4,944	(2,925)	-
Other financing sources (uses):							
Transfers in	-	-	17,333	-	-	-	-
Transfers out	(11,396)	-	-	-	-	-	-
Total other financing sources (uses)	(11,396)	-	17,333	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,856)	56,545	71,175	694	4,944	(2,925)	-
Cash and investments - beginning	49,856	241,304	36,648	5,163	-	2,925	-
Cash and investments - ending	\$ -	\$ 297,849	\$ 107,823	\$ 5,857	\$ 4,944	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 297,849	\$ 107,823	\$ 5,857	\$ 4,944	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 297,849	\$ 107,823	\$ 5,857	\$ 4,944	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	297,849	107,823	5,857	4,944	-	-
Total cash and investment fund balance - ending	\$ -	\$ 297,849	\$ 107,823	\$ 5,857	\$ 4,944	\$ -	\$ -

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	United Way Promotional	Cape 2005-2006 TSP Reim.	Cape Lilly Community Foundation	Cape 2006-2007 21st Century Grant	INSAI Grant	Wellness Program 2006-2007	Academic Summer Camps
Receipts:							
Local sources	\$ -	\$ -	\$ 56,000	\$ 60,500	\$ -	\$ 10,000	\$ 11,736
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	1,500	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	56,000	60,500	1,500	10,000	11,736
Disbursements:							
Current:							
Instruction	-	4,000	22,755	64,602	5	-	13,467
Support services	100	-	-	-	1,583	-	-
Community services	400	-	-	-	-	1,000	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	500	4,000	22,755	64,602	1,588	1,000	13,467
Excess (deficiency) of receipts over disbursements	(500)	(4,000)	33,245	(4,102)	(88)	9,000	(1,731)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	(4,000)	33,245	(4,102)	(88)	9,000	(1,731)
Cash and investments - beginning	500	15,518	50,606	4,440	254	-	8,024
Cash and investments - ending	\$ -	\$ 11,518	\$ 83,851	\$ 338	\$ 166	\$ 9,000	\$ 6,293
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 11,518	\$ 83,851	\$ 338	\$ 166	\$ 9,000	\$ 6,293
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 11,518	\$ 83,851	\$ 338	\$ 166	\$ 9,000	\$ 6,293
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	11,518	83,851	338	166	9,000	6,293
Total cash and investment fund balance - ending	\$ -	\$ 11,518	\$ 83,851	\$ 338	\$ 166	\$ 9,000	\$ 6,293

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted and Talented 2006-2007	Economic Education Grants	Non-English Speaking Program	Title I 2005-2006	Title I 2006-2007	Title V Part A 2005-2006	Title V Part A 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	15,553	3,620	39	-	-	-	-
Federal sources	-	-	-	19,600	230,438	-	4,281
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	15,553	3,620	39	19,600	230,438	-	4,281
Disbursements:							
Current:							
Instruction	15,553	2,009	-	42,804	187,420	-	-
Support services	-	1,100	-	-	18,282	-	-
Community services	-	-	-	-	163	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	15,553	3,109	-	42,804	205,865	-	-
Excess (deficiency) of receipts over disbursements	-	511	39	(23,204)	24,573	-	4,281
Other financing sources (uses):							
Transfers in	-	-	-	-	31,537	-	44,631
Transfers out	-	-	-	(31,537)	-	(55,542)	(48,912)
Total other financing sources (uses)	-	-	-	(31,537)	31,537	(55,542)	(4,281)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	511	39	(54,741)	56,110	(55,542)	-
Cash and investments - beginning	-	-	-	54,741	-	55,542	-
Cash and investments - ending	\$ -	\$ 511	\$ 39	\$ -	\$ 56,110	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 511	\$ 39	\$ -	\$ 56,110	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 511	\$ 39	\$ -	\$ 56,110	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	511	39	-	56,110	-	-
Total cash and investment fund balance - ending	\$ -	\$ 511	\$ 39	\$ -	\$ 56,110	\$ -	\$ -

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	101-476 2005-2006	101-476 2006-2007	Safe and Drug Free Schools 2005-2006	Safe and Drug Free Schools	Safe and Drug Free Schools 2006-2007	School To Work Development Act
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	546,806	-	-	8,249	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>546,806</u>	<u>-</u>	<u>-</u>	<u>8,249</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	103,168	408,085	-	-	-	-
Support services	13,940	35,139	2,624	6,484	5,749	1,800
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>117,108</u>	<u>443,224</u>	<u>2,624</u>	<u>6,484</u>	<u>5,749</u>	<u>1,800</u>
Excess (deficiency) of receipts over disbursements	<u>(117,108)</u>	<u>103,582</u>	<u>(2,624)</u>	<u>(6,484)</u>	<u>2,500</u>	<u>(1,800)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(66,454)	-	-	-	-	-
Total other financing sources (uses)	<u>(66,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(183,562)</u>	<u>103,582</u>	<u>(2,624)</u>	<u>(6,484)</u>	<u>2,500</u>	<u>(1,800)</u>
Cash and investments - beginning	<u>183,562</u>	<u>-</u>	<u>2,624</u>	<u>10,516</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 103,582</u>	<u>\$ -</u>	<u>\$ 4,032</u>	<u>\$ 2,500</u>	<u>\$ (1,800)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 103,582	\$ -	\$ 4,032	\$ 2,500	\$ (1,800)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 103,582</u>	<u>\$ -</u>	<u>\$ 4,032</u>	<u>\$ 2,500</u>	<u>\$ (1,800)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	103,582	-	4,032	2,500	(1,800)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 103,582</u>	<u>\$ -</u>	<u>\$ 4,032</u>	<u>\$ 2,500</u>	<u>\$ (1,800)</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Class Size Reduction PL 105-277	School Tech PL 106-554	Title II Part A	Title II Part D Enhance Tech	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 181,658	\$ 1,224,405
Intermediate sources	-	-	-	-	-	2,494
State sources	-	-	-	-	-	332,108
Federal sources	-	13,867	89,263	-	-	1,290,864
Sale of property, adjustments and refunds	-	-	-	-	-	9,267
Total receipts	-	13,867	89,263	-	181,658	2,859,138
Disbursements:						
Current:						
Instruction	44,511	-	-	-	-	929,032
Support services	-	7,111	-	3,700	-	1,462,904
Community services	-	-	-	-	-	1,563
Nonprogrammed charges	-	-	-	-	-	145,443
Debt services	-	-	-	-	212,876	212,876
Total disbursements	44,511	7,111	-	3,700	212,876	2,751,818
Excess (deficiency) of receipts over disbursements	(44,511)	6,756	89,263	(3,700)	(31,218)	107,320
Other financing sources (uses):						
Transfers in	44,511	-	-	-	-	138,012
Transfers out	-	-	(89,142)	-	-	(302,983)
Total other financing sources (uses)	44,511	-	(89,142)	-	-	(164,971)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,756	121	(3,700)	(31,218)	(57,651)
Cash and investments - beginning	-	17,555	44,511	5,105	56,921	846,315
Cash and investments - ending	\$ -	\$ 24,311	\$ 44,632	\$ 1,405	\$ 25,703	\$ 788,664
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 24,311	\$ 44,632	\$ 1,405	\$ -	\$ 762,961
Restricted assets:						
Cash and investments	-	-	-	-	25,703	25,703
Total cash and investment assets - ending	\$ -	\$ 24,311	\$ 44,632	\$ 1,405	\$ 25,703	\$ 788,664
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 25,703	\$ 25,703
Unrestricted	-	24,311	44,632	1,405	-	762,961
Total cash and investment fund balance - ending	\$ -	\$ 24,311	\$ 44,632	\$ 1,405	\$ 25,703	\$ 788,664

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Safe School Haven	Early Intervention Grant 06-07
Receipts:							
Local sources	\$ 14,264	\$ 703,267	\$ 232,074	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,181	-	-	-
State sources	78,559	20,731	116,719	-	5,632	5,697	123,280
Federal sources	-	396,470	-	-	-	-	-
Sale of property, adjustments and refunds	-	6,997	-	-	-	-	-
Total receipts	92,823	1,127,465	348,793	1,181	5,632	5,697	123,280
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	3,999
Support services	-	1,117,511	205,516	-	-	5,697	119,280
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	92,823	-	-	2,400	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	92,823	1,117,511	205,516	2,400	-	5,697	123,279
Excess (deficiency) of receipts over disbursements	-	9,954	143,277	(1,219)	5,632	-	1
Other financing sources (uses):							
Transfers in	-	-	22,334	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	22,334	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,954	165,611	(1,219)	5,632	-	1
Cash and investments - beginning	-	297,849	107,823	5,857	4,944	-	-
Cash and investments - ending	\$ -	\$ 307,803	\$ 273,434	\$ 4,638	\$ 10,576	\$ -	\$ 1
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 307,803	\$ 273,434	\$ 4,638	\$ 10,576	\$ -	\$ 1
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 307,803	\$ 273,434	\$ 4,638	\$ 10,576	\$ -	\$ 1
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	307,803	273,434	4,638	10,576	-	1
Total cash and investment fund balance - ending	\$ -	\$ 307,803	\$ 273,434	\$ 4,638	\$ 10,576	\$ -	\$ 1

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Cape 2005-2006 TSP Reim.	Cape Lilly Community Foundation	Cape 2006-2007 21st Century Grant	INSAI Grant	Wellness Program 2006-2007	Academic Summer Camps	High Ability Grant 2007-2008
Receipts:							
Local sources	\$ -	\$ 4,258	\$ 51,000	\$ -	\$ 10,000	\$ 2,475	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	37,590
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	4,258	51,000	-	10,000	2,475	37,590
Disbursements:							
Current:							
Instruction	-	31,661	50,258	-	-	4,812	37,562
Support services	-	-	-	166	8,512	-	-
Community services	-	-	-	-	2,094	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	31,661	50,258	166	10,606	4,812	37,562
Excess (deficiency) of receipts over disbursements	-	(27,403)	742	(166)	(606)	(2,337)	28
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(27,403)	742	(166)	(606)	(2,337)	28
Cash and investments - beginning	11,518	83,851	338	166	9,000	6,293	-
Cash and investments - ending	<u>\$ 11,518</u>	<u>\$ 56,448</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 8,394</u>	<u>\$ 3,956</u>	<u>\$ 28</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 11,518	\$ 56,448	\$ 1,080	\$ -	\$ 8,394	\$ 3,956	\$ 28
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 11,518</u>	<u>\$ 56,448</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 8,394</u>	<u>\$ 3,956</u>	<u>\$ 28</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	11,518	56,448	1,080	-	8,394	3,956	28
Total cash and investment fund balance - ending	<u>\$ 11,518</u>	<u>\$ 56,448</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 8,394</u>	<u>\$ 3,956</u>	<u>\$ 28</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Economic Education Grants	Non-English Speaking Program	Inaccesslinux Cert Grant 2008-2010	Title I 2006-2007	Title I 2007-2008	Title V Part A 2007-2008	101-476 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,000	-	2,500	-	-	-	-
Federal sources	-	-	-	22,000	278,381	4,212	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	1,000	-	2,500	22,000	278,381	4,212	-
Disbursements:							
Current:							
Instruction	1,511	-	-	48,593	215,133	-	100,354
Support services	-	-	-	-	13,500	-	3,228
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	1,511	-	-	48,593	228,633	-	103,582
Excess (deficiency) of receipts over disbursements	(511)	-	2,500	(26,593)	49,748	4,212	(103,582)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	45,309	-
Transfers out	-	(39)	-	-	-	-	-
Total other financing sources (uses)	-	(39)	-	-	-	45,309	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(511)	(39)	2,500	(26,593)	49,748	49,521	(103,582)
Cash and investments - beginning	511	39	-	56,110	-	-	103,582
Cash and investments - ending	\$ -	\$ -	\$ 2,500	\$ 29,517	\$ 49,748	\$ 49,521	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ 2,500	\$ 29,517	\$ 49,748	\$ 49,521	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 2,500	\$ 29,517	\$ 49,748	\$ 49,521	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	2,500	29,517	49,748	49,521	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 2,500	\$ 29,517	\$ 49,748	\$ 49,521	\$ -

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	101-476 2007-2008	Safe and Drug Free Schools	Safe and Drug Free Schools 2006-2007	Safe and Drug Free Schools 2007-2008	School To Work Development Act	Gateway Academy Grant 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,970
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	552,133	-	-	8,113	7,897	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	552,133	-	-	8,113	7,897	5,970
Disbursements:						
Current:						
Instruction	409,407	-	-	-	587	5,340
Support services	41,139	4,032	2,500	6,293	3,850	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	450,546	4,032	2,500	6,293	4,437	5,340
Excess (deficiency) of receipts over disbursements	101,587	(4,032)	(2,500)	1,820	3,460	630
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	101,587	(4,032)	(2,500)	1,820	3,460	630
Cash and investments - beginning	-	4,032	2,500	-	(1,800)	-
Cash and investments - ending	\$ 101,587	\$ -	\$ -	\$ 1,820	\$ 1,660	\$ 630
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 101,587	\$ -	\$ -	\$ 1,820	\$ 1,660	\$ 630
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 101,587	\$ -	\$ -	\$ 1,820	\$ 1,660	\$ 630
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	101,587	-	-	1,820	1,660	630
Total cash and investment fund balance - ending	\$ 101,587	\$ -	\$ -	\$ 1,820	\$ 1,660	\$ 630

DELAWARE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Class Size Reduction 2007-2008	School Tech PL 106-554	Title II Part A	Title II Part D Enhance Tech	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 466,673	\$ 1,489,981
Intermediate sources	-	-	-	-	-	1,181
State sources	-	-	-	-	-	391,708
Federal sources	-	30,410	90,619	-	-	1,390,235
Sale of property, adjustments and refunds	-	-	-	-	-	6,997
Total receipts	-	30,410	90,619	-	466,673	3,280,102
Disbursements:						
Current:						
Instruction	35,368	-	-	-	-	944,585
Support services	-	7,176	-	-	-	1,538,400
Community services	-	-	-	-	-	2,094
Nonprogrammed charges	-	-	-	-	-	95,223
Debt services	-	-	-	-	421,349	421,349
Total disbursements	35,368	7,176	-	-	421,349	3,001,651
Excess (deficiency) of receipts over disbursements	(35,368)	23,234	90,619	-	45,324	278,451
Other financing sources (uses):						
Transfers in	45,310	-	-	-	-	112,953
Transfers out	-	-	(135,251)	(1,405)	-	(136,695)
Total other financing sources (uses)	45,310	-	(135,251)	(1,405)	-	(23,742)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,942	23,234	(44,632)	(1,405)	45,324	254,709
Cash and investments - beginning	-	24,311	44,632	1,405	25,703	788,664
Cash and investments - ending	\$ 9,942	\$ 47,545	\$ -	\$ -	\$ 71,027	\$ 1,043,373
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 9,942	\$ 47,545	\$ -	\$ -	\$ -	\$ 972,346
Restricted assets:						
Cash and investments	-	-	-	-	71,027	71,027
Total cash and investment assets - ending	\$ 9,942	\$ 47,545	\$ -	\$ -	\$ 71,027	\$ 1,043,373
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 71,027	\$ 71,027
Unrestricted	9,942	47,545	-	-	-	972,346
Total cash and investment fund balance - ending	\$ 9,942	\$ 47,545	\$ -	\$ -	\$ 71,027	\$ 1,043,373

DELAWARE COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 182,500
Buildings	36,908,329
Machinery and equipment	8,461,491
Construction in progress	<u>2,801,220</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 48,353,540</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Albany, Royerton, DeSoto and Delta High School renovations	\$ 9,320,000	\$ 810,688
Delta Middle School renovations	1,828,168	221,610
Bonds payable:		
General obligation bonds:		
Pension/Severance Buyout	<u>4,620,000</u>	<u>424,833</u>
Total governmental activities debt	<u>\$ 15,768,168</u>	<u>\$ 1,457,131</u>

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$197.04 were paid to the credit card vendor in school year 2006-2007.

Penalties totaling \$170.03 were paid to a school lunch vendor in school year 2006-2007.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROPRIATIONS

The records presented for audit indicated the following disbursements in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Special Education Preschool	2006	<u>\$ 99,750</u>

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

Cash balances of the Capital Projects Fund, School Bus Replacement Fund, and the School To Work Development Act Fund were overdrawn at June 30, 2007. Cash balances of the Capital Projects Fund and the School Bus Replacement Fund were overdrawn at June 30, 2008.

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

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TRANSFER TUITION

A flat rate of \$1,350 and \$1,450 was charged for cash transfer students in school years 2006-2007 and 2007-2008 respectively.

Certified and noncertified employees who do not live in the School Corporation District had paid transfer tuition for their children who were being educated by the School Corporation; however, the School Corporation paid each employee a taxable cash benefit equal to 85% of the tuition charged the employee. The cash tuition payment was added to the gross salary for tax and retirement contribution purposes.

Transfer tuition billed to other school corporations and not collected totaled \$4,495 and \$13,592 for school years 2006-2007 and 2007-2008 respectively.

IC 20-26-11-6 states in part:

"(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter.

(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

The following deficiencies were noted during a review of capital asset records:

1. Not all additions were posted to the capital asset records.
2. Capital asset records consisted of inventories taken at the various schools. Capital asset records were not prepared by the Administration Office from paid claims and items disposed of through surplus, allowing comparison to the actual inventories.
3. A capital asset in the amount of \$6,750 was noted as missing on the high school inventory. No follow up was performed.

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

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

DELAWARE COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates amounts claimed for Honors Diplomas for the Class of 2005-2006, which were reported in the fall of 2006, as noted on the Graduate Report submitted to the Indiana Department of Education, were one more than actual Honors Diplomas earned.

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

PROMOTIONAL DISBURSEMENTS

The School Corporation disbursed promotional type items from the following General Fund appropriations: supplies, promotional supplies, office supplies, travel, and other food services. The following details by fiscal year promotional disbursements made from the General Fund:

<u>Fiscal Year</u>	<u>Retirement - Gift, Food, Etc</u>	<u>Food for Meetings</u>	<u>Staff and Student Lunch</u>	<u>Other</u>	<u>Totals</u>
2006-2007	\$ 4,676	\$ 7,475	\$ 5,940	\$ 6,602	\$ 24,693
2007-2008	630	2,922	6,133	4,899	14,584

The School Corporation provides a free lunch in December to all staff and students. No reimbursement was received from the Indiana Department of Education for these days for students who qualified for free and reduced meals.

Disbursements totaling \$1,363 and \$811 for school years 2006-2007 and 2007-2008 respectively were disbursed from the Transportation Operating Fund for food, Christmas lunch, retirement disbursements, and flowers and were charged to the Vehicle Dues and Fees appropriation line item.

A disbursement totaling \$981 for school year 2006-2007 was disbursed from the School Lunch Fund for food for a retirement dinner and was charged to the Food Purchases appropriation line item.

IC 20-26-5-4(3) states:

"To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) to promote the best interests of the school corporation through: (A) the purchase of meals, decorations, memorabilia, or awards; (B) provision for expenses incurred in interviewing job applicants; or (C) developing relations with other governmental units."

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

Quotes were obtained from Apple Inc., for ten computers. The previous Superintendent, Patrick W. Mapes, signed the quote and also noted on the quote the budget line item to be charged. The computers were ordered using Purchase Order Numbers 80884 and 80885. Both purchase orders were dated December 12, 2008. Each purchase order noted a total of \$7,469. All purchase orders generated through Central Office contain the electronic signature of Steve Hall, previous Assistant Superintendent, indicating purchases are ordered and authorized by him. The previous Assistant Superintendent stated he had no knowledge of the purchase until after the claims were submitted to the School Board for approval, which was verified by the President of the School Board and the Treasurer. Five computers were purchased for Delta Middle School and five computers were purchased for Delta High School. The invoices on file from Apple Inc., indicated both contained invoice dates of December 16, 2008, both contained shipping dates of December 16, 2008, and the product description was the same, except for serial numbers noted, on both invoices.

Purchases of the computers from Apple Inc., were not approved by the School Board prior to ordering. Two separate claims were submitted to the School Board for approval.

Policy 8100, Policy on Purchasing, states in part: "Any request for purchase for five thousand dollars (\$5,000) or more must be reviewed with the Board of Education prior to actual purchase." The School Board minutes dated July 10, 2007, stated in part: "A motion was made by John Adams and seconded by Norb Heban to approve raising the dollar amount for approved purchases from \$5,000.00 to \$7,500.00 as presented by Superintendent Mapes. The motion was approved unanimously."

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

RECEIPT ISSUANCE (Applies to High School)

Approved receipts were not issued at the time of collection. The issue was discussed on February 18, 2009, with the Extra-Curricular Treasurer and the Principal. We noted on April 6, 2009, that the Extra-Curricular was still not issuing approved receipts at the time of collection, but was issuing a nonapproved manual receipt.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA DEPOSITS NOT TIMELY (Applies to Eaton Elementary and Delta High School)

Receipts were not always deposited within a reasonable time. A cash count performed on January 27, 2009, indicated checks dated as early as December 11, 2008, had not deposited at Eaton Elementary.

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Textbook rental collections, as evidenced by Form TBR-2, Official Receipt-Individual Textbook Rental List, were at times being deposited anywhere from 5 business to 19 business days after being received at Delta High School.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

TEXTBOOK RENTAL RECEIPTS (Applies to Delta High School)

Textbook rental fees of \$1,417.86 and \$19,449.62 on hand at May 31, 2007, and May 31, 2008, respectively were not remitted to the School Corporation at the end of the school year.

Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. (Accounting and Uniform Compliance Guidelines for Extra-Curricular Accounts, Chapter 6)

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer shall be the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

DEPOSITS (Applies to Delta Middle School)

Classification on 45% of the receipts examined did not agree with the classification on the deposit slip, therefore all receipts could not be verified to bank deposits. Further examination disclosed that the Extra-Curricular Treasurer was cashing personal checks instead of depositing cash.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Delaware Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 28, 2009

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 06-07	\$ 72,572	\$ -
		FY 07-08	-	80,371
National School Lunch Program	10.555			
		FY 06-07	348,634	
		FY 07-08	-	357,294
Total for federal grantor agency			<u>421,206</u>	<u>437,665</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Muncie Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027			
		FY 2005	104,890	-
		FY 2006	522,049	24,757
		FY 2007	-	533,160
Total for cluster			<u>626,939</u>	<u>557,917</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		06-1875	38,536	-
		07-1875	210,312	44,505
		08-1875	-	252,832
		Section 1117(b)	-	7,043
Total for program			<u>248,848</u>	<u>304,380</u>
Pass-Through Muncie Community Schools				
Vocational Education - Basic Grants to States				
	84.048			
		CPF-6-34	5,650	587
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
	84.186			
		04-109	521	-
		05-220	6,484	4,032
		1875-06	5,749	2,500
		08-1875	-	6,293
Total for program			<u>12,754</u>	<u>12,825</u>
State Grants for Innovative Programs				
	84.298			
		2005-2006	55,542	-
		2006-2007	48,912	-
Total for program			<u>104,454</u>	<u>-</u>
Education Technology State Grants				
	84.318			
		PL 107-110	3,700	1,405
Class Size Reduction				
	84.340			
		Title II PL 107-110	44,511	-
		Title II PL 107-110	-	44,632
		Title II PL 107-110	-	35,368
Total for program			<u>44,511</u>	<u>80,000</u>
Total for federal grantor agency			<u>1,046,856</u>	<u>957,114</u>
Total federal awards expended			<u>\$ 1,468,062</u>	<u>\$ 1,394,779</u>

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

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Delaware Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006-2007	2007-2008
School Breakfast Program	10.553	\$ 7,055	\$ 6,959
National School Lunch Program	10.555	33,689	30,764

DELAWARE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
----------------	------------------------------------

Special Education Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

DELAWARE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

DELAWARE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2009, with Tarinna Morris, Treasurer; Steven R. Hall, Superintendent of Schools; and Norbert Heban, President of the School Board.