

**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, 2008 to June 30, 2010



**FILED**

02/14/2011



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris	07-01-08 to 06-30-11
Superintendent of Schools	Patrick W. Mapes Steven R. Hall	07-01-08 to 03-19-09 03-20-09 to 06-30-12
President of the School Board	Norbert Heban John Adams Tyce Stebbins	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



**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, 2009 and 2010, 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, 2009 and 2010, 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 December 14, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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

December 14, 2010



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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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 14, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, we believe that none of the significant deficiencies described above is a material weakness.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 14, 2010

DELAWARE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,246,006	\$ -	\$ 354,673	\$ (11,891,333)
Support services	8,253,977	805,536	529,538	(6,918,903)
Noninstructional services	1,472,320	-	-	(1,472,320)
Facilities acquisition and construction	1,539,078	-	-	(1,539,078)
Debt service	1,997,521	-	-	(1,997,521)
Nonprogrammed charges	<u>772,686</u>	<u>-</u>	<u>-</u>	<u>(772,686)</u>
Total governmental activities	<u>\$ 26,281,588</u>	<u>\$ 805,536</u>	<u>\$ 884,211</u>	<u>(24,591,841)</u>
General receipts:				
Property taxes				8,100,503
Other local sources				2,012,283
State aid				12,362,180
Grants and contributions not restricted to specific programs				2,494,183
Investment earnings				53,671
Other				<u>64,049</u>
Total general receipts				<u>25,086,869</u>
Change in net assets				495,028
Net assets - beginning				<u>5,811,774</u>
Net assets - ending				<u>\$ 6,306,802</u>
<u>Assets</u>				
Cash and investments				\$ 6,175,856
Restricted assets:				
Cash and investments				<u>130,946</u>
Total assets				<u>\$ 6,306,802</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 130,946
Unrestricted				<u>6,175,856</u>
Total net assets				<u>\$ 6,306,802</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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,509,541	\$ -	\$ 326,597	\$ (12,182,944)
Support services	7,965,258	762,694	558,805	(6,643,759)
Noninstructional services	1,339,169	-	-	(1,339,169)
Facilities acquisition and construction	1,648,715	-	-	(1,648,715)
Debt service	2,000,687	-	-	(2,000,687)
Nonprogrammed charges	830,465	-	-	(830,465)
<u>Total governmental activities</u>	<u>\$ 26,293,835</u>	<u>\$ 762,694</u>	<u>\$ 885,402</u>	<u>(24,645,739)</u>
General receipts:				
Property taxes				5,164,029
Other local sources				1,110,097
State aid				15,079,666
Grants and contributions not restricted to specific programs				2,052,993
Investment earnings				24,219
Other				9,486
<u>Total general receipts</u>				<u>23,440,490</u>
Change in net assets				(1,205,249)
Net assets - beginning				<u>6,306,802</u>
Net assets - ending				<u>\$ 5,101,553</u>
<u>Assets</u>				
Cash and investments				\$ 5,618,262
Restricted assets:				
Cash and investments				<u>(516,709)</u>
<u>Total assets</u>				<u>\$ 5,101,553</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (516,709)
Unrestricted				<u>5,618,262</u>
<u>Total net assets</u>				<u>\$ 5,101,553</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, 2009

	General	Transportation Operating	Rainy Day	School Bus Replacement	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 4,026,828	\$ 1,336,052	\$ -	\$ 672,402	\$ 4,911,218	\$ 10,946,500
Intermediate sources	243	-	-	-	25,250	25,493
State sources	12,608,872	-	-	-	266,029	12,874,901
Federal sources	-	-	-	-	2,865,673	2,865,673
Other	<u>54,263</u>	<u>1,623</u>	<u>-</u>	<u>-</u>	<u>8,163</u>	<u>64,049</u>
<b>Total receipts</b>	<u>16,690,206</u>	<u>1,337,675</u>	<u>-</u>	<u>672,402</u>	<u>8,076,333</u>	<u>26,776,616</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	10,623,242	-	-	-	1,622,764	12,246,006
Support services	4,939,904	1,353,592	-	494,601	1,465,880	8,253,977
Noninstructional services	294,685	-	-	-	1,177,635	1,472,320
Facilities acquisition and construction	83,261	-	-	-	1,455,817	1,539,078
Debt services	-	-	-	-	1,997,521	1,997,521
Nonprogrammed charges	<u>677,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,986</u>	<u>772,686</u>
<b>Total disbursements</b>	<u>16,618,792</u>	<u>1,353,592</u>	<u>-</u>	<u>494,601</u>	<u>7,814,603</u>	<u>26,281,588</u>
Excess (deficiency) of receipts over disbursements	<u>71,414</u>	<u>(15,917)</u>	<u>-</u>	<u>177,801</u>	<u>261,730</u>	<u>495,028</u>
<b>Other financing sources (uses):</b>						
Transfers in	49,521	-	-	-	167,439	216,960
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(216,960)</u>	<u>(216,960)</u>
<b>Total other financing sources (uses)</b>	<u>49,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,521)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	120,935	(15,917)	-	177,801	212,209	495,028
Cash and investments - beginning	<u>3,598,230</u>	<u>407,901</u>	<u>600,000</u>	<u>(110,961)</u>	<u>1,316,604</u>	<u>5,811,774</u>
Cash and investments - ending	<u>\$ 3,719,165</u>	<u>\$ 391,984</u>	<u>\$ 600,000</u>	<u>\$ 66,840</u>	<u>\$ 1,528,813</u>	<u>\$ 6,306,802</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,719,165	\$ 391,984	\$ 600,000	\$ 66,840	\$ 1,397,867	\$ 6,175,856
Restricted assets:						
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,946</u>	<u>130,946</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 3,719,165</u>	<u>\$ 391,984</u>	<u>\$ 600,000</u>	<u>\$ 66,840</u>	<u>\$ 1,528,813</u>	<u>\$ 6,306,802</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 130,946	\$ 130,946
Unrestricted	<u>3,719,165</u>	<u>391,984</u>	<u>600,000</u>	<u>66,840</u>	<u>1,397,867</u>	<u>6,175,856</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,719,165</u>	<u>\$ 391,984</u>	<u>\$ 600,000</u>	<u>\$ 66,840</u>	<u>\$ 1,528,813</u>	<u>\$ 6,306,802</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, 2010

	General	Transportation Operating	Rainy Day	School Bus Replacement	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 199,152	\$ 1,721,412	\$ -	\$ 620,981	\$ 4,488,863	\$ 7,030,408
Intermediate sources	243	-	-	-	30,388	30,631
State sources	15,369,373	-	-	-	161,499	15,530,872
Federal sources	-	-	-	-	2,487,188	2,487,188
Other	-	2,153	-	-	7,334	9,487
<b>Total receipts</b>	<b>15,568,768</b>	<b>1,723,565</b>	<b>-</b>	<b>620,981</b>	<b>7,175,272</b>	<b>25,088,586</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	10,530,201	-	-	-	1,979,340	12,509,541
Support services	4,866,959	1,389,267	-	109,784	1,599,248	7,965,258
Noninstructional services	305,228	-	-	-	1,033,941	1,339,169
Facilities acquisition and construction	138,888	-	-	-	1,509,827	1,648,715
Debt services	-	-	-	-	2,000,687	2,000,687
Nonprogrammed charges	667,331	-	-	-	163,134	830,465
<b>Total disbursements</b>	<b>16,508,607</b>	<b>1,389,267</b>	<b>-</b>	<b>109,784</b>	<b>8,286,177</b>	<b>26,293,835</b>
Excess (deficiency) of receipts over disbursements	(939,839)	334,298	-	511,197	(1,110,905)	(1,205,249)
<b>Other financing sources (uses):</b>						
Transfers in	1,643	-	-	-	133,605	135,248
Transfers out	-	-	-	-	(135,248)	(135,248)
<b>Total other financing sources (uses)</b>	<b>1,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,643)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(938,196)	334,298	-	511,197	(1,112,548)	(1,205,249)
Cash and investments - beginning	3,719,165	391,984	600,000	66,840	1,528,813	6,306,802
Cash and investments - ending	<u>\$ 2,780,969</u>	<u>\$ 726,282</u>	<u>\$ 600,000</u>	<u>\$ 578,037</u>	<u>\$ 416,265</u>	<u>\$ 5,101,553</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,780,969	\$ 726,282	\$ 600,000	\$ 578,037	\$ 932,974	\$ 5,618,262
Restricted assets:						
Cash and investments	-	-	-	-	(516,709)	(516,709)
<b>Total cash and investment assets - ending</b>	<u>\$ 2,780,969</u>	<u>\$ 726,282</u>	<u>\$ 600,000</u>	<u>\$ 578,037</u>	<u>\$ 416,265</u>	<u>\$ 5,101,553</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (516,709)	\$ (516,709)
Unrestricted	<u>2,780,969</u>	<u>726,282</u>	<u>600,000</u>	<u>578,037</u>	<u>932,974</u>	<u>5,618,262</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,780,969</u>	<u>\$ 726,282</u>	<u>\$ 600,000</u>	<u>\$ 578,037</u>	<u>\$ 416,265</u>	<u>\$ 5,101,553</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 FUND  
 For the Year Ended June 30, 2009

	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 FUND  
 For the Year Ended June 30, 2010

	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.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Delaware Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

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

The School Corporation is a participant in a joint venture to operate North Central Indiana School Insurance Consortium which was created to provide employee health benefits, employee welfare benefits and other insurance needs. The School Corporation is obligated by contract to remit premiums due annually to supplement the North Central Indiana School Insurance Consortium. Complete financial statements for the North Central Indiana School Insurance Consortium can be obtained from Delaware Community School Corporation, 7821 State Road 3 North, Muncie, IN 47303.

The School Corporation is a participant in a joint venture to operate 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 School Corporation is obligated by contract to remit premiums semiannually to supplement the Educational Service Centers Risk Funding Trust. Complete financial statements for the Educational Service Centers Risk Funding 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 IC 36-1-8-5.1 and a locally adopted resolution.

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 types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the annual disbursement of scholarship funds to eligible students.

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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 enterprise 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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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 December 31 of the year collected.

4. 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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Long-Term Debt

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

6. 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."

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 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 in the fund financial statements have been eliminated or reclassified.

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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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 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. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	06-30-09	06-30-10
Debt Service	\$ -	\$ 368,154
Retirement/Severance Bond	4,211	148,555
Capital Projects	269,497	103,650

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. IC 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 December 31, 2010, the School Corporation had deposit balances in the amount of \$5,617,174.

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, 2009 and 2010, were as follows:

Transfer From	Transfer To	2008-2009	2009-2010
Other Governmental Funds	General Fund	\$ 49,521	\$ 1,643
Other Governmental Funds	Other Governmental Funds	167,439	133,605
Totals		\$ 216,960	\$ 135,248

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

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, and dependents; and natural disasters.

The risks of errors and omissions are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance 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, 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, 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 torts, theft of, damage to and destruction of assets, job related illnesses or injuries to employees and natural disasters 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 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 benefits to employees and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees and dependents 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. 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 years 2008-2009 and 2009-2010 totaled \$1,572,688, and \$1,578,175 respectively.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

The School Corporation has entered into a capital lease with Delta-Eaton School Building Holding Corporation in the principal amount of \$6,475,000 for the renovation of Delta High School, Albany Elementary School and Royerton Elementary School. The bonds were dated October 2010.

The School Corporation was awarded an Education Jobs Fund federal grant in October 2010 in the amount of \$495,819.

D. Termination Benefits

In a Memorandum of Understanding dated March 29, 2010, the School Board agreed to make a one-time payment of \$15,000 into a post-retirement account. A minimum of seven teachers had to accept the incentive offer in order for the offer to be executed for anyone. In August 2010, seven teachers were paid \$15,000 each for a total of \$105,000.

E. Pension Plans

1. Agent Multiple-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:

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$429,170.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy

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's contributions to the plan during the period were \$733,984.

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, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Safe Haven Grant 2008-2009	Early Intervention Grant 2006-2007
<b>Receipts:</b>							
Local sources	\$ 11,777	\$ 694,194	\$ 163,119	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,350	-	-	-
State sources	82,196	-	65,486	-	5,428	1,640	-
Federal sources	-	464,053	-	-	-	-	-
Other	-	1,048	-	-	-	-	-
<b>Total receipts</b>	<b>93,973</b>	<b>1,159,295</b>	<b>228,605</b>	<b>1,350</b>	<b>5,428</b>	<b>1,640</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	-	1,334	320,566	-	-	-	1
Noninstructional services	-	1,128,861	-	-	-	-	-
Facilities acquisition and construction	-	45,156	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	93,973	-	-	500	-	-	-
<b>Total disbursements</b>	<b>93,973</b>	<b>1,175,351</b>	<b>320,566</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>1</b>
Excess (deficiency) of receipts over disbursements	-	(16,056)	(91,961)	850	5,428	1,640	(1)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(16,056)	(91,961)	850	5,428	1,640	(1)
Cash and investments - beginning	-	307,803	273,434	4,638	10,576	-	1
Cash and investments - ending	\$ -	\$ 291,747	\$ 181,473	\$ 5,488	\$ 16,004	\$ 1,640	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 291,747	\$ 181,473	\$ 5,488	\$ 16,004	\$ 1,640	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 291,747</b>	<b>\$ 181,473</b>	<b>\$ 5,488</b>	<b>\$ 16,004</b>	<b>\$ 1,640</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	291,747	181,473	5,488	16,004	1,640	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 291,747</b>	<b>\$ 181,473</b>	<b>\$ 5,488</b>	<b>\$ 16,004</b>	<b>\$ 1,640</b>	<b>\$ -</b>

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, 2009  
 (Continued)

	Early Intervention Grant 2008-2009	Cape 2005-2006 TSP Reim.	Cape Lily Community Foundation	Cape 2006-2007 21st Century Grant	Wellness Program 2006-2007	Wellness Program 2008-2009	Ball Brothers Foundation
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Intermediate sources	-	-	-	-	-	23,900	-
State sources	71,855	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>71,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,900</b>	<b>3,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	1,788	11,518	48,179	1,080	-	-	-
Support services	8,359	-	-	-	-	-	-
Noninstructional services	-	-	-	-	1,898	12,979	2,966
Facilities acquisition and construction	61,708	-	-	-	6,294	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>71,855</b>	<b>11,518</b>	<b>48,179</b>	<b>1,080</b>	<b>8,192</b>	<b>12,979</b>	<b>2,966</b>
Excess (deficiency) of receipts over disbursements	-	(11,518)	(48,179)	(1,080)	(8,192)	10,921	34
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,518)	(48,179)	(1,080)	(8,192)	10,921	34
Cash and investments - beginning	-	11,518	56,448	1,080	8,394	-	-
Cash and investments - ending	\$ -	\$ -	\$ 8,269	\$ -	\$ 202	\$ 10,921	\$ 34
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 8,269	\$ -	\$ 202	\$ 10,921	\$ 34
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,269</b>	<b>\$ -</b>	<b>\$ 202</b>	<b>\$ 10,921</b>	<b>\$ 34</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	8,269	-	202	10,921	34
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,269</b>	<b>\$ -</b>	<b>\$ 202</b>	<b>\$ 10,921</b>	<b>\$ 34</b>

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, 2009  
 (Continued)

	Academic Summer Camps	High Ability Grant 2007-2008	High Ability Grant 2008-2009	Economic Education Grants	Inassesslinux Cert Grant 2008-2010	LSTA Technology Grant 2008-2009	DHS Football Field Turf
<b>Receipts:</b>							
Local sources	\$ 2,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	37,590	1,270	-	-	-
Federal sources	-	-	-	-	-	7,265	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,620</b>	<b>-</b>	<b>37,590</b>	<b>1,270</b>	<b>-</b>	<b>7,265</b>	<b>330,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,716	28	37,590	1,270	-	-	-
Support services	40	-	-	-	500	7,262	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,756</b>	<b>28</b>	<b>37,590</b>	<b>1,270</b>	<b>500</b>	<b>7,262</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(136)	(28)	-	-	(500)	3	330,000
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(136)	(28)	-	-	(500)	3	330,000
Cash and investments - beginning	3,956	28	-	-	2,500	-	-
Cash and investments - ending	<u>3,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>3</u>	<u>330,000</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 3,820	\$ -	\$ -	\$ -	\$ 2,000	\$ 3	\$ 330,000
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>3,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>3</u>	<u>330,000</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,820	-	-	-	2,000	3	330,000
<b>Total cash and investment fund balance - ending</b>	<u>3,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>3</u>	<u>330,000</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, 2009  
 (Continued)

	Title I 2006-2007	Title I 2007-2008	Title I 2008-2009	Title V Part A 2007-2008	101-476 2007-2008	101-476 2008-2009	Title IV Drug Free Schools
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	28,000	290,735	-	-	553,540	3,300
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>28,000</b>	<b>290,735</b>	<b>-</b>	<b>-</b>	<b>553,540</b>	<b>3,300</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	56,303	276,653	-	101,537	453,498	-
Support services	-	6,900	9,000	-	50	24,306	3,300
Noninstructional services	-	-	408	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>63,203</b>	<b>286,061</b>	<b>-</b>	<b>101,587</b>	<b>477,804</b>	<b>3,300</b>
Excess (deficiency) of receipts over disbursements	-	(35,203)	4,674	-	(101,587)	75,736	-
<b>Other financing sources (uses):</b>							
Transfers in	-	29,517	44,062	-	-	-	-
Transfers out	(29,517)	(44,062)	-	(49,521)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(29,517)</b>	<b>(14,545)</b>	<b>44,062</b>	<b>(49,521)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,517)	(49,748)	48,736	(49,521)	(101,587)	75,736	-
Cash and investments - beginning	29,517	49,748	-	49,521	101,587	-	-
Cash and investments - ending	\$ -	\$ -	\$ 48,736	\$ -	\$ -	\$ 75,736	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 48,736	\$ -	\$ -	\$ 75,736	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,736</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,736</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	48,736	-	-	75,736	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,736</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,736</b>	<b>\$ -</b>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2009  
 (Continued)

	Safe and Drug Free Schools 2007-2008	School To Work Development Act	Gateway Academy Grant 2007-2008	Gateway Academy Grant 2008-2009	Class Size Reduction 2007-2008	Class Size Reduction 2008-2009	School Tech PL 106-554
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 36,085
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>36,085</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	7	-	9,942	84,935	-
Support services	1,550	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	1,660	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,550</b>	<b>1,660</b>	<b>7</b>	<b>-</b>	<b>9,942</b>	<b>84,935</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(1,550)	(1,660)	(7)	5,000	(9,942)	(84,935)	36,085
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	93,860	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,860</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,550)	(1,660)	(7)	5,000	(9,942)	8,925	36,085
Cash and investments - beginning	1,820	1,660	630	-	9,942	-	47,545
Cash and investments - ending	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 8,925</u>	<u>\$ 83,630</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 270	\$ -	\$ 623	\$ 5,000	\$ -	\$ 8,925	\$ 83,630
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 8,925</u>	<u>\$ 83,630</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	270	-	623	5,000	-	8,925	83,630
<b>Total cash and investment fund balance - ending</b>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 8,925</u>	<u>\$ 83,630</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2009  
 (Continued)

	Title II Part A	Fiscal Stabilization	Title I School Improvement Stimulus	Debt Service	Retirement/Severance Bond	Capital Projects	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 1,275,443	\$ 349,595	\$ 2,040,385	\$ 4,911,218
Intermediate sources	-	-	-	-	-	-	25,250
State sources	-	-	-	-	-	564	266,029
Federal sources	93,860	1,328,035	96,885	-	-	-	2,865,673
Other	-	-	-	-	-	7,115	8,163
<b>Total receipts</b>	<b>93,860</b>	<b>1,328,035</b>	<b>96,885</b>	<b>1,275,443</b>	<b>349,595</b>	<b>2,048,064</b>	<b>8,076,333</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	535,720	-	-	-	-	1,622,764
Support services	-	264,614	-	-	-	818,098	1,465,880
Noninstructional services	-	30,523	-	-	-	-	1,177,635
Facilities acquisition and construction	-	707	-	-	-	1,340,292	1,455,817
Debt services	-	-	-	1,572,688	424,833	-	1,997,521
Nonprogrammed charges	-	513	-	-	-	-	94,986
<b>Total disbursements</b>	<b>-</b>	<b>832,077</b>	<b>-</b>	<b>1,572,688</b>	<b>424,833</b>	<b>2,158,390</b>	<b>7,814,603</b>
Excess (deficiency) of receipts over disbursements	93,860	495,958	96,885	(297,245)	(75,238)	(110,326)	261,730
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	167,439
Transfers out	(93,860)	-	-	-	-	-	(216,960)
<b>Total other financing sources (uses)</b>	<b>(93,860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,521)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	495,958	96,885	(297,245)	(75,238)	(110,326)	212,209
Cash and investments - beginning	-	-	-	432,402	71,027	(159,171)	1,316,604
Cash and investments - ending	\$ -	\$ 495,958	\$ 96,885	\$ 135,157	\$ (4,211)	\$ (269,497)	\$ 1,528,813
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 495,958	\$ 96,885	\$ -	\$ -	\$ (269,497)	\$ 1,397,867
Restricted assets:							
Cash and investments	-	-	-	135,157	(4,211)	-	130,946
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 495,958</b>	<b>\$ 96,885</b>	<b>\$ 135,157</b>	<b>\$ (4,211)</b>	<b>\$ (269,497)</b>	<b>\$ 1,528,813</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 135,157	\$ (4,211)	\$ -	\$ 130,946
Unrestricted	-	495,958	96,885	-	-	(269,497)	1,397,867
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 495,958</b>	<b>\$ 96,885</b>	<b>\$ 135,157</b>	<b>\$ (4,211)</b>	<b>\$ (269,497)</b>	<b>\$ 1,528,813</b>

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, 2010

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Safe Haven Grant 2008-2009	Cape Lily Community Foundation
<b>Receipts:</b>							
Local sources	\$ -	\$ 671,771	\$ 180,806	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	638	-	-	-
State sources	46,750	-	72,679	-	5,181	-	-
Federal sources	-	486,126	-	-	-	-	-
Other	-	4,675	264	-	-	-	-
<b>Total receipts</b>	<b>46,750</b>	<b>1,162,572</b>	<b>253,749</b>	<b>638</b>	<b>5,181</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	21,185	-	4,011
Support services	-	1,964	250,917	-	-	-	-
Noninstructional services	-	1,009,770	-	-	-	-	-
Facilities acquisition and construction	-	65,909	-	-	-	1,640	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	46,750	-	-	1,101	-	-	-
<b>Total disbursements</b>	<b>46,750</b>	<b>1,077,643</b>	<b>250,917</b>	<b>1,101</b>	<b>21,185</b>	<b>1,640</b>	<b>4,011</b>
Excess (deficiency) of receipts over disbursements	-	84,929	2,832	(463)	(16,004)	(1,640)	(4,011)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	84,929	2,832	(463)	(16,004)	(1,640)	(4,011)
Cash and investments - beginning	-	291,747	181,473	5,488	16,004	1,640	8,269
Cash and investments - ending	\$ -	\$ 376,676	\$ 184,305	\$ 5,025	\$ -	\$ -	\$ 4,258
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 376,676	\$ 184,305	\$ 5,025	\$ -	\$ -	\$ 4,258
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 376,676</b>	<b>\$ 184,305</b>	<b>\$ 5,025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,258</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	376,676	184,305	5,025	-	-	4,258
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 376,676</b>	<b>\$ 184,305</b>	<b>\$ 5,025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,258</b>

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, 2010  
 (Continued)

	Wellness Program 2006-2007	Wellness Program 2008-2009	Ball Brothers Foundation	NCISIC Wellness Grant	Academic Summer Camps	End of Summer Luncheon	2010 Surplus Reserve Grant
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 88,875
Intermediate sources	-	-	-	29,750	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,750</b>	<b>-</b>	<b>600</b>	<b>88,875</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	1,059	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	8	10,725	34	11,599	-	543	-
Facilities acquisition and construction	194	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>202</b>	<b>10,725</b>	<b>34</b>	<b>11,599</b>	<b>1,059</b>	<b>543</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(202)</b>	<b>(10,725)</b>	<b>(34)</b>	<b>18,151</b>	<b>(1,059)</b>	<b>57</b>	<b>88,875</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(202)</b>	<b>(10,725)</b>	<b>(34)</b>	<b>18,151</b>	<b>(1,059)</b>	<b>57</b>	<b>88,875</b>
<b>Cash and investments - beginning</b>	<b>202</b>	<b>10,921</b>	<b>34</b>	<b>-</b>	<b>3,820</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 196</b>	<b>\$ -</b>	<b>\$ 18,151</b>	<b>\$ 2,761</b>	<b>\$ 57</b>	<b>\$ 88,875</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 196	\$ -	\$ 18,151	\$ 2,761	\$ 57	\$ 88,875
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 196</b>	<b>\$ -</b>	<b>\$ 18,151</b>	<b>\$ 2,761</b>	<b>\$ 57</b>	<b>\$ 88,875</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	196	-	18,151	2,761	57	88,875
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 196</b>	<b>\$ -</b>	<b>\$ 18,151</b>	<b>\$ 2,761</b>	<b>\$ 57</b>	<b>\$ 88,875</b>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2010  
 (Continued)

	School Technology	Inassesslinux Cert Grant 2008-2010	LSTA Technology Grant 2008-2009	Health Living Taking Charge 2009	High Ability Grant 2009-2010	DHS Football Field Turf	Title V Part A 2007-2008
<b>Receipts:</b>							
Local sources	\$ 19,669	\$ -	\$ -	\$ 918	\$ -	\$ 5,000	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	36,889	-	-
Federal sources	-	-	-	-	-	-	1,643
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>19,669</b>	<b>-</b>	<b>-</b>	<b>918</b>	<b>36,889</b>	<b>5,000</b>	<b>1,643</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	918	36,889	-	-
Support services	33,313	500	3	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	6,750	-	-	-	-	335,000	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>40,063</b>	<b>500</b>	<b>3</b>	<b>918</b>	<b>36,889</b>	<b>335,000</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(20,394)	(500)	(3)	-	-	(330,000)	1,643
<b>Other financing sources (uses):</b>							
Transfers in	104,576	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,643)
<b>Total other financing sources (uses)</b>	<b>104,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,643)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	84,182	(500)	(3)	-	-	(330,000)	-
Cash and investments - beginning	-	2,000	3	-	-	330,000	-
Cash and investments - ending	\$ 84,182	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 84,182	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 84,182</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	84,182	1,500	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 84,182</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2010  
 (Continued)

	Title I 2008-2009	Title I 2009-2010	101-476 2008-2009	101-476 2009-2010	Title IV Drug Free Schools	Safe and Drug Free Schools 2007-2008	Gateway Academy Grant 2007-2008
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	26,002	286,529	-	583,235	3,343	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>26,002</b>	<b>286,529</b>	<b>-</b>	<b>583,235</b>	<b>3,343</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	45,709	231,608	73,096	431,943	-	-	623
Support services	-	-	2,640	24,029	1,600	270	-
Noninstructional services	-	62	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>45,709</b>	<b>231,670</b>	<b>75,736</b>	<b>455,972</b>	<b>1,600</b>	<b>270</b>	<b>623</b>
Excess (deficiency) of receipts over disbursements	(19,707)	54,859	(75,736)	127,263	1,743	(270)	(623)
<b>Other financing sources (uses):</b>							
Transfers in	-	29,029	-	-	-	-	-
Transfers out	(29,029)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(29,029)</b>	<b>29,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(48,736)	83,888	(75,736)	127,263	1,743	(270)	(623)
Cash and investments - beginning	48,736	-	75,736	-	-	270	623
Cash and investments - ending	\$ -	\$ 83,888	\$ -	\$ 127,263	\$ 1,743	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 83,888	\$ -	\$ 127,263	\$ 1,743	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 83,888</b>	<b>\$ -</b>	<b>\$ 127,263</b>	<b>\$ 1,743</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	83,888	-	127,263	1,743	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 83,888</b>	<b>\$ -</b>	<b>\$ 127,263</b>	<b>\$ 1,743</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Gateway Academy Grant 2008-2009	Project Lead The Way 2009-2010	Class Size Reduction 2008-2009	School Tech PL 106-554	Title II Part A 2009-2010	Fiscal Stabilization
<b>Receipts:</b>						
Local sources	\$ -	\$ 2,000	\$ -	\$ 25,650	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	96,730	556,912
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>25,650</u>	<u>96,730</u>	<u>556,912</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,840	-	8,925	-	67,559	701,595
Support services	-	-	-	2,338	2,902	349,418
Noninstructional services	-	-	-	-	-	1,200
Facilities acquisition and construction	-	-	-	2,366	-	657
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>4,840</u>	<u>-</u>	<u>8,925</u>	<u>4,704</u>	<u>70,461</u>	<u>1,052,870</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(4,840)</u>	<u>2,000</u>	<u>(8,925)</u>	<u>20,946</u>	<u>26,269</u>	<u>(495,958)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(104,576)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,576)</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(4,840)</u>	<u>2,000</u>	<u>(8,925)</u>	<u>(83,630)</u>	<u>26,269</u>	<u>(495,958)</u>
<b>Cash and investments - beginning</b>	<u>5,000</u>	<u>-</u>	<u>8,925</u>	<u>83,630</u>	<u>-</u>	<u>495,958</u>
<b>Cash and investments - ending</b>	<u>\$ 160</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,269</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 160	\$ 2,000	\$ -	\$ -	\$ 26,269	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 160</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,269</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	160	2,000	-	-	26,269	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 160</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,269</u>	<u>\$ -</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, 2010  
 (Continued)

	Title I School Improvement Stimulus	Special Ed Part B Stimulus	Debt Service	Retirement/ Severance Bond	Capital Projects	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 1,074,864	\$ 278,168	\$ 2,140,542	\$ 4,488,863
Intermediate sources	-	-	-	-	-	30,388
State sources	-	-	-	-	-	161,499
Federal sources	66,668	380,000	-	-	-	2,487,188
Other	-	-	-	-	2,395	7,334
<b>Total receipts</b>	<b>66,668</b>	<b>380,000</b>	<b>1,074,864</b>	<b>278,168</b>	<b>2,142,937</b>	<b>7,175,272</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	142,057	207,323	-	-	-	1,979,340
Support services	-	49,575	-	-	879,779	1,599,248
Noninstructional services	-	-	-	-	-	1,033,941
Facilities acquisition and construction	-	-	-	-	1,097,311	1,509,827
Debt services	-	-	1,578,175	422,512	-	2,000,687
Nonprogrammed charges	-	115,283	-	-	-	163,134
<b>Total disbursements</b>	<b>142,057</b>	<b>372,181</b>	<b>1,578,175</b>	<b>422,512</b>	<b>1,977,090</b>	<b>8,286,177</b>
Excess (deficiency) of receipts over disbursements	(75,389)	7,819	(503,311)	(144,344)	165,847	(1,110,905)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	133,605
Transfers out	-	-	-	-	-	(135,248)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,643)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75,389)	7,819	(503,311)	(144,344)	165,847	(1,112,548)
Cash and investments - beginning	96,885	-	135,157	(4,211)	(269,497)	1,528,813
Cash and investments - ending	<u>\$ 21,496</u>	<u>\$ 7,819</u>	<u>\$ (368,154)</u>	<u>\$ (148,555)</u>	<u>\$ (103,650)</u>	<u>\$ 416,265</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 21,496	\$ 7,819	\$ -	\$ -	\$ (103,650)	\$ 932,974
Restricted assets:						
Cash and investments	-	-	(368,154)	(148,555)	-	(516,709)
<b>Total cash and investment assets - ending</b>	<b>\$ 21,496</b>	<b>\$ 7,819</b>	<b>\$ (368,154)</b>	<b>\$ (148,555)</b>	<b>\$ (103,650)</b>	<b>\$ 416,265</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ (368,154)	\$ (148,555)	\$ -	\$ (516,709)
Unrestricted	21,496	7,819	-	-	(103,650)	932,974
<b>Total cash and investment fund balance - ending</b>	<b>\$ 21,496</b>	<b>\$ 7,819</b>	<b>\$ (368,154)</b>	<b>\$ (148,555)</b>	<b>\$ (103,650)</b>	<b>\$ 416,265</b>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For the Year Ended June 30, 2010

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	38,674,252
Machinery and equipment	<u>9,153,668</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 48,010,420</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

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	\$ 6,935,000	\$ 1,582,000
Delta Middle School renovations	1,516,247	221,610
Bonds payable:		
General obligation bonds:		
Pension/Severance Buyout	<u>4,255,000</u>	<u>424,437</u>
Total governmental activities debt	<u>\$ 12,706,247</u>	<u>\$ 2,228,047</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

OVERDRAWN CASH BALANCES

The cash balances of the Retirement/Severance Bond Fund and the Capital Projects Fund were overdrawn at June 30, 2009. The cash balances of the Debt Service Fund, Retirement/Severance Bond Fund, and the Capital Projects Fund were overdrawn at June 30, 2010.

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)

TRANSFER TUITION

During the current audit period, 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. A similar comment was noted in prior Report B34326.

IC 20-26-11-6 now 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 be accepted regardless of whether, as a condition of the transfer, the transferee school requires the requesting parents or student to pay transfer tuition in an amount determined under the formula established in section 13 of this chapter for the payment of transfer

DELAWARE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

tuition by a transferor school corporation. However, if the transferee school elects to charge transfer tuition, the transferee school may not offset the amounts described in section 13(b) STEP TWO (B) through section 13(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student.

(c) When the transferee school elects to charge tuition to the requesting parents or student, the tuition determined under subsection (b) must be paid by the parents or the student before the end of the school year in installments as determined by the transferee corporation.

(d) Failure to pay a tuition installment that is agreed to by the parents or student and the transferee school corporation is a ground for exclusion from school."

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)

PERSONAL EXPENSES

Disbursements in the amount of \$253 were made for flowers for school lunch employees.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS (Applies to Royerton Elementary School)

Textbook rental collections were not deposited timely. Receipts were held up to nine business days before being deposited.

IC 20-41-1-9 states in part:

". . . receipts shall be deposited without unreasonable delay."

APPROVAL OF FORMS (Applies to Albany Elementary School)

Form TBR-2, Official Receipt - Individual Textbook Rental List, was issued for credit card collections that were received by the School Corporation, recorder sales, and kindergarten milk.

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)

DEPOSITS (Applies to Albany Elementary School)

Some Form TBR-2s, Official Receipt - Individual Textbook Rental List, were written for amounts which could not be verified to bank deposits.

DELAWARE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 5-13-6-1(c) states in part:

"Public funds deposited . . . shall be deposited in the same form in which they were received."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT ISSUANCE (Applies to Eaton Elementary School)

Receipts were not always issued at the time of collection. Of the November 2009 receipts, the SA-8's were dated several days prior to the date of the prescribed receipt, Form SA-3.

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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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, 2009 and 2010. 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, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-2 and 2010-3.

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

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)

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 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, 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

December 14, 2010

DELAWARE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 08-09 FY 09-10	\$ 105,188 -	\$ - 121,343
National School Lunch Program	10.555	FY 08-09 FY 09-10	424,912 -	- 487,009
Total for federal grantor agency			<u>530,100</u>	<u>608,352</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Pass-Through Indiana State Library Grants to States	45.310	T08-2-2-20	7,262	3
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	08-1875 09-1875	63,203 286,061	45,709 231,670
Total for program			<u>349,264</u>	<u>277,379</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-1875	-	142,057
Total for cluster			<u>349,264</u>	<u>419,436</u>
Pass-Through Muncie Community Schools Special Education Cluster Special Education - Grants to States	84.027	FY 2007 FY 2008 FY 2009	101,587 477,804 -	- 75,736 455,972
Total for program			<u>579,391</u>	<u>531,708</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-010-SN0	-	372,181
Total for cluster			<u>579,391</u>	<u>903,889</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY2009	832,077	1,052,870
Career and Technical Education - Basic Grants to States	84.048	CPF-6-34	1,660	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	08-1875 09-1875	3,300 1,550	1,600 270
Total for program			<u>4,850</u>	<u>1,870</u>
State Grants for Innovative Programs	84.298	2008-2009 2009-2010	49,521 -	- 1,643
Total for program			<u>49,521</u>	<u>1,643</u>
Class Size Reduction	84.340	FY 07-08 FY 08-09	9,942 84,935	- 8,925
Total for program			<u>94,877</u>	<u>8,925</u>
Improving Teacher Quality State Grants	84.367	09-1875	-	70,461
Total for federal grantor agency			<u>1,911,640</u>	<u>2,459,094</u>
Total federal awards expended			<u>\$ 2,449,002</u>	<u>\$ 3,067,449</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008-2009	2009-2010
School Breakfast Program	10.553	\$ 13,977	\$ 11,219
National School Lunch Program	10.555	56,731	45,619

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?	yes

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
	Child Nutrition Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund 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

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts. The failure to establish controls could enable material misstatements or irregularities to undetected.

DELAWARE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2, TITLE I – CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-Through Entity: Indiana Department of Education

The drawdown schedule for Title I grants was detailed in the original grant application. Eleven of the twenty-four months had surplus cash balances at month end.

Title 34 CFR 80.20 (b)(7) states in part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original Title I grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

FINDING 2010-3, SPECIAL EDUCATION CLUSTER – CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027 and 84.391  
Pass-Through Entity: Indiana Department of Education

The drawdown schedule for Special Education Basic grant distributions from Muncie Community Schools is prepared by Muncie Community Schools. Four of the twenty-four months had surplus cash balances at month end for CFDA Number 84.027.

DELAWARE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Six of the eleven months had surplus cash balances at month end for CFDA Number 84.391.

Title 34 CFR 80.20 (b)(7) states in part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original Title I grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

DELAWARE COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

OFFICE OF SUPERINTENDENT  
**DELAWARE COMMUNITY SCHOOL CORPORATION**  
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Muncie, IN 47303  
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**Board of Education**

Tyce Stebbins, President  
Norb Heban, Vice-President  
Trent Fox, Secretary  
John Adams, Member  
Lorraine Tomlin, Member

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

Financial Statement Findings

**FINDING 2010-1 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to receipts. The failure to establish controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

**RESPONSE:**

Delaware Community School Corporation is a small corporation with limited staff. Staff is not presently adequate, nor can the corporation afford to add staff, to properly segregate duties.

The corporation will, to the best of its ability, divide duties among appropriate staff to provide financial safeguards.

## **FINDING 2010-2 – TITLE I – CASH MANAGEMENT**

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-Through Entity: Indiana Department of Education

The drawdown schedule for Title I grants was detailed in the original grant application. Eleven of the twenty-four months had surplus cash balances at month end.

Title 34 CFR 80.20 (b) (7) states in part: "Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used ... Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original Title I grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

### **RESPONSE:**

Federal funds are now reimbursed.

## **FINDING 2010-3 – SPECIAL EDUCATION CLUSTER – CASH MANAGEMENT**

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027 and 84.391  
Pass-Through Entity: Indiana Department of Education

The drawdown schedule for Special Education Basic grant distributions from Muncie Community Schools is prepared by Muncie Community Schools. Four of the twenty-four months had surplus cash balances at month end for CFDA Number 84.027.

Six of the eleven months had surplus cash balances at month end for CFDA Number 84.391.

Title 34 CFR 80.20 (b)(7) states in part: "Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used ... Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original Title I grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

**RESPONSE:**

Federal funds are now reimbursed.

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Dr. Darin Gullion  
Assistant Superintendent

DELAWARE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2010, with Tarinna Morris, Treasurer; Darin Gullion, Assistant Superintendent of Schools; Steven R. Hall, Superintendent of Schools; and Tyce Stebbins, President of the School Board. The officials concurred with our audit findings.