

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DECATUR COUNTY COMMUNITY SCHOOLS
DECATUR COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/18/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables	35
Schedule of Leases and Debt	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	44-45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47-58
Auditee Prepared Document:	
Corrective Action Plan	60-61
Other Report	62

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-12 to 12-31-15
Superintendent of Schools	Johnny D. Budd	07-01-12 to 06-30-18
President of the School Board	Annette Geis Timothy Roscoe Matthew J. Hoeing	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 27, 2015



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Decatur County Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated July 27, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Decatur County Community Schools' Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 27, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 4,604,565	\$ 13,160,959	\$ 12,613,517	\$ (500,000)	\$ 4,652,007	\$ 13,523,619	\$ 13,008,342	\$ (500,000)	\$ 4,667,284
Debt Service	643,296	953,852	882,180	(11,240)	703,728	1,608,899	1,301,785	(20,699)	990,143
Retirement/Severance Bond Debt Service	170,967	234,311	241,213	-	164,065	247,827	240,314	-	171,578
Capital Projects	3,013,130	1,660,867	2,213,073	-	2,460,924	2,011,412	2,504,773	115,500	2,083,063
School Transportation	182,759	1,288,158	1,331,761	-	139,156	1,336,653	1,353,468	-	122,341
School Bus Replacement	387,468	140,686	237,270	-	290,884	83,213	99,214	-	274,883
Rainy Day	100,000	-	-	500,000	600,000	-	-	500,000	1,100,000
Construction	12,381	-	-	-	12,381	-	-	-	12,381
School Lunch	341,628	1,215,864	1,238,226	-	319,266	1,166,962	1,073,347	-	412,881
Textbook Rental	313,971	271,956	257,231	-	328,696	299,269	428,484	20,699	220,180
Self-Insurance	17,000	254,074	202,771	-	68,303	860,462	338,000	-	590,765
Levy Excess	27,057	(27,057)	-	-	-	-	-	-	-
Educational License Plates	21,478	1,800	-	-	23,278	2,269	-	-	25,547
Alternative Education	1,337	1,433	-	-	2,770	2,938	-	-	5,708
School Library Printed Material	31	-	-	-	31	-	-	-	31
SAFE School Haven	149	-	-	-	149	-	-	-	149
Anti Bullying Program	-	-	-	-	-	5,430	5,507	-	(77)
Robert S. Lowe Scholarship Fund	22,775	-	-	-	22,775	491	-	-	23,266
Nobbe Brown Conover Scholarship	41,671	-	1,250	-	40,421	6,049	6,250	-	40,220
Keisha Boyce Memorial Scholarship	1,000	-	-	-	1,000	-	-	-	1,000
FEWSIC Grant	784	-	-	-	784	-	-	-	784
PLTW Award	1	-	-	-	1	-	-	-	1
Psi Iota Sorority Library Grant	32	-	-	-	32	-	-	-	32
Indiana Next Leadership	96	-	-	-	96	-	-	-	96
Thank A Teacher Grant	2,677	2,539	4,856	-	360	3,619	9,438	-	(5,459)
United Fund Decatur County Grant	(106)	-	-	-	(106)	-	-	-	(106)
Decatur Co Soil & Water SDES Lab	255	-	-	-	255	-	-	-	255
High Ability 2012-2013	-	30,938	30,938	-	-	-	-	-	-
High Ability 2013-2014	-	-	-	-	-	31,009	29,095	-	1,914
Medicaid Reimbursement	1,549	-	-	-	1,549	-	-	-	1,549
Secured Schools Safety Grant	-	-	-	-	-	-	18,038	-	(18,038)

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

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Non-English Speaking Programs P.L. 273-1999	1,368	-	-	-	1,368	-	478	-	890
iPad Insurance Fund	-	-	-	-	-	17,613	1,330	-	16,283
Performance Based Awards	1,917	-	-	-	1,917	-	-	-	1,917
Excess PTRC Distributions	-	-	-	52,790	52,790	-	-	(13,100)	39,690
Title I 2010-2011	(19,101)	-	(19,101)	-	-	-	-	-	-
Title I 2011-2012	(380,213)	417,364	37,151	-	-	-	-	-	-
Title I 2012-2013	-	282,639	314,051	-	(31,412)	107,192	75,780	-	-
Title I 2013-2014	-	-	-	-	-	67,844	339,765	-	(271,921)
IDEA Grant 2011-2012	(32,567)	138,722	107,332	-	(1,177)	248	(929)	-	-
IDEA Preschool 2011-2012	-	-	-	-	-	438	438	-	-
IDEA Grant 2012-2013	-	362,140	494,382	-	(132,242)	136,802	5,297	-	(737)
IDEA Preschool 2012-2013	-	12,342	13,794	-	(1,452)	6,530	5,078	-	-
IDEA Grant 2013-2014	-	-	-	-	-	365,145	403,117	-	(37,972)
IDEA Preschool 2013-2014	-	-	-	-	-	14,520	16,698	-	(2,178)
IDEA TA Grant 2013-2014	-	-	-	-	-	-	4,000	-	(4,000)
Drug Free Schools	17	-	-	-	17	-	-	-	17
PLTW Eco15 Bio Med	(5,259)	-	-	-	(5,259)	-	-	-	(5,259)
PLTW Pre-Engineering	(1,120)	-	-	-	(1,120)	-	-	-	(1,120)
PLTW Pre-Engin 2009-2010	471	-	-	-	471	-	-	-	471
Child Care and Development Block Grant	600	-	-	-	600	-	-	-	600
Improving Teacher Quality, Title II, Part A 2011-2012	(54,708)	85,747	31,039	-	-	-	-	-	-
Title II 2012-2013	-	49,409	56,446	-	(7,037)	33,179	26,142	-	-
Title II 2013-2014	-	-	-	-	-	-	51,330	-	(51,330)
Title III - Language Instruction	-	-	201	-	(201)	1,018	1,018	-	(201)
Qualified School Construction Bond	104,177	58	104,235	-	-	-	-	-	-
Education Jobs	(11,942)	49,922	37,980	-	-	-	-	-	-
Payroll Withholdings	148,700	3,147,963	3,076,001	-	220,662	3,310,148	3,264,835	-	265,975
Accounts Payable Electronic Payments	1,397	295,193	294,086	-	2,503	274,611	270,429	-	6,685
Totals	\$ 9,661,688	\$ 24,031,879	\$ 23,801,883	\$ 41,550	\$ 9,933,234	\$ 25,525,409	\$ 24,880,861	\$ 102,400	\$ 10,680,182

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of the correction of errors from the prior period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash balances. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2014.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with Decatur County Community Schools Building Corporation. 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 school years ended June 30, 2013 and 2014, totaled \$758,970 and \$882,495, respectively. The 2014 amount includes \$34,025 of interest on QZAB issues which was not reimbursed by the federal government.

Note 10. *Other Postemployment Benefits*

The School Corporation provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 4,604,565	\$ 643,296	\$ 170,967	\$ 3,013,130	\$ 182,759	\$ 387,468	\$ 100,000	\$ 12,381	\$ 341,628
Receipts:									
Local sources	146,973	953,852	234,311	1,660,867	1,282,714	140,686	-	-	570,624
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	13,013,986	-	-	-	-	-	-	-	12,671
Federal sources	-	-	-	-	-	-	-	-	632,569
Other	-	-	-	-	5,444	-	-	-	-
Total receipts	<u>13,160,959</u>	<u>953,852</u>	<u>234,311</u>	<u>1,660,867</u>	<u>1,288,158</u>	<u>140,686</u>	<u>-</u>	<u>-</u>	<u>1,215,864</u>
Disbursements:									
Current:									
Instruction	9,243,697	-	-	-	-	-	-	-	-
Support services	3,225,880	-	-	684,948	1,331,761	237,270	-	-	-
Noninstructional services	132,906	-	-	-	-	-	-	-	1,238,226
Facilities acquisition and construction	11,034	-	-	1,528,125	-	-	-	-	-
Debt services	-	882,180	241,213	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>12,613,517</u>	<u>882,180</u>	<u>241,213</u>	<u>2,213,073</u>	<u>1,331,761</u>	<u>237,270</u>	<u>-</u>	<u>-</u>	<u>1,238,226</u>
Excess (deficiency) of receipts over disbursements	<u>547,442</u>	<u>71,672</u>	<u>(6,902)</u>	<u>(552,206)</u>	<u>(43,603)</u>	<u>(96,584)</u>	<u>-</u>	<u>-</u>	<u>(22,362)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	500,000	-	-
Transfers out	(500,000)	(11,240)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(500,000)</u>	<u>(11,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>47,442</u>	<u>60,432</u>	<u>(6,902)</u>	<u>(552,206)</u>	<u>(43,603)</u>	<u>(96,584)</u>	<u>500,000</u>	<u>-</u>	<u>(22,362)</u>
Cash and investments - ending	<u>\$ 4,652,007</u>	<u>\$ 703,728</u>	<u>\$ 164,065</u>	<u>\$ 2,460,924</u>	<u>\$ 139,156</u>	<u>\$ 290,884</u>	<u>\$ 600,000</u>	<u>\$ 12,381</u>	<u>\$ 319,266</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	School Library Printed Material	SAFE School Haven	Anti Bullying Program	Robert S. Lowe Scholarship Fund
Cash and investments - beginning	\$ 313,971	\$ 17,000	\$ 27,057	\$ 21,478	\$ 1,337	\$ 31	\$ 149	\$ -	\$ 22,775
Receipts:									
Local sources	185,535	254,074	(27,057)	-	-	-	-	-	-
Intermediate sources	-	-	-	1,800	-	-	-	-	-
State sources	86,421	-	-	-	1,433	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	271,956	254,074	(27,057)	1,800	1,433	-	-	-	-
Disbursements:									
Current:									
Instruction	-	202,771	-	-	-	-	-	-	-
Support services	257,231	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	257,231	202,771	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	14,725	51,303	(27,057)	1,800	1,433	-	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,725	51,303	(27,057)	1,800	1,433	-	-	-	-
Cash and investments - ending	\$ 328,696	\$ 68,303	\$ -	\$ 23,278	\$ 2,770	\$ 31	\$ 149	\$ -	\$ 22,775

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

	Nobbe Brown Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant	PLTW Award	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank A Teacher Grant	United Fund Decatur County Grant	Decatur Co Soil & Water SDES Lab
Cash and investments - beginning	\$ 41,671	\$ 1,000	\$ 784	\$ 1	\$ 32	\$ 96	\$ 2,677	\$ (106)	\$ 255
Receipts:									
Local sources	-	-	-	-	-	-	2,539	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	2,539	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	4,856	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,250	-	-	-	-	-	-	-	-
Total disbursements	1,250	-	-	-	-	-	4,856	-	-
Excess (deficiency) of receipts over disbursements	(1,250)	-	-	-	-	-	(2,317)	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,250)	-	-	-	-	-	(2,317)	-	-
Cash and investments - ending	\$ 40,421	\$ 1,000	\$ 784	\$ 1	\$ 32	\$ 96	\$ 360	\$ (106)	\$ 255

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

	High Ability 2012-2013	High Ability 2013-2014	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	iPad Insurance Fund	Performance Based Awards	Excess PTRC Distributions	Title I 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ 1,549	\$ -	\$ 1,368	\$ -	\$ 1,917	\$ -	\$ (19,101)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	30,938	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	30,938	-	-	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	30,938	-	-	-	-	-	-	-	(18,114)
Support services	-	-	-	-	-	-	-	-	(987)
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,938	-	-	-	-	-	-	-	(19,101)
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	19,101
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	52,790	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	52,790	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	52,790	19,101
Cash and investments - ending	\$ -	\$ -	\$ 1,549	\$ -	\$ 1,368	\$ -	\$ 1,917	\$ 52,790	\$ -

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

	Title I 2011-2012	Title I 2012-2013	Title 1 2013-2014	IDEA Grant 2011-2012	IDEA Preschool 2011-2012	IDEA Grant 2012-2013	IDEA Preschool 2012-2013	IDEA Grant 2013-2014
Cash and investments - beginning	\$ (380,213)	\$ -	\$ -	\$ (32,567)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	138,722	-	89,181	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	417,364	282,639	-	-	-	272,959	12,342	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>417,364</u>	<u>282,639</u>	<u>-</u>	<u>138,722</u>	<u>-</u>	<u>362,140</u>	<u>12,342</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	36,938	313,881	-	101,752	-	494,382	13,794	-
Support services	-	-	-	5,580	-	-	-	-
Noninstructional services	213	170	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>37,151</u>	<u>314,051</u>	<u>-</u>	<u>107,332</u>	<u>-</u>	<u>494,382</u>	<u>13,794</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>380,213</u>	<u>(31,412)</u>	<u>-</u>	<u>31,390</u>	<u>-</u>	<u>(132,242)</u>	<u>(1,452)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>380,213</u>	<u>(31,412)</u>	<u>-</u>	<u>31,390</u>	<u>-</u>	<u>(132,242)</u>	<u>(1,452)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (31,412)</u>	<u>\$ -</u>	<u>\$ (1,177)</u>	<u>\$ -</u>	<u>\$ (132,242)</u>	<u>\$ (1,452)</u>	<u>\$ -</u>

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

	IDEA Preschool 2013-2014	IDEA TA Grant 2013-2014	Drug Free Schools	PLTW Eco15 Bio Med	PLTW Pre-Engineering	PLTW Pre-Engin 2009-2010	Child Care and Development Block Grant	Improving Teacher Quality, Title II, Part A 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ 17	\$ (5,259)	\$ (1,120)	\$ 471	\$ 600	\$ (54,708)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	85,747
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	85,747
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	13,602
Support services	-	-	-	-	-	-	-	17,437
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	31,039
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	54,708
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	54,708
Cash and investments - ending	\$ -	\$ -	\$ 17	\$ (5,259)	\$ (1,120)	\$ 471	\$ 600	\$ -

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

	Title II 2012-2013	Title II 2013-2014	Title III - Language Instruction	Qualified School Construction Bond	Education Jobs	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 104,177	\$ (11,942)	\$ 148,700	\$ 1,397	\$ 9,661,688
Receipts:								
Local sources	-	-	-	58	-	3,147,963	295,193	9,076,235
Intermediate sources	-	-	-	-	-	-	-	1,800
State sources	-	-	-	-	-	-	-	13,145,449
Federal sources	49,409	-	-	-	49,922	-	-	1,802,951
Other	-	-	-	-	-	-	-	5,444
Total receipts	<u>49,409</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>49,922</u>	<u>3,147,963</u>	<u>295,193</u>	<u>24,031,879</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	37,980	3,076,001	294,086	13,846,564
Support services	56,446	-	201	-	-	-	-	5,815,767
Noninstructional services	-	-	-	-	-	-	-	1,371,515
Facilities acquisition and construction	-	-	-	104,235	-	-	-	1,643,394
Debt services	-	-	-	-	-	-	-	1,123,393
Nonprogrammed charges	-	-	-	-	-	-	-	1,250
Total disbursements	<u>56,446</u>	<u>-</u>	<u>201</u>	<u>104,235</u>	<u>37,980</u>	<u>3,076,001</u>	<u>294,086</u>	<u>23,801,883</u>
Excess (deficiency) of receipts over disbursements	<u>(7,037)</u>	<u>-</u>	<u>(201)</u>	<u>(104,177)</u>	<u>11,942</u>	<u>71,962</u>	<u>1,107</u>	<u>229,996</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	552,790
Transfers out	-	-	-	-	-	-	-	(511,240)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,550</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,037)</u>	<u>-</u>	<u>(201)</u>	<u>(104,177)</u>	<u>11,942</u>	<u>71,962</u>	<u>1,107</u>	<u>271,546</u>
Cash and investments - ending	<u>\$ (7,037)</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,662</u>	<u>\$ 2,503</u>	<u>\$ 9,933,234</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 4,652,007	\$ 703,728	\$ 164,065	\$ 2,460,924	\$ 139,156	\$ 290,884	\$ 600,000	\$ 12,381	\$ 319,266
Receipts:									
Local sources	160,948	1,317,491	247,827	1,884,366	1,336,622	83,213	-	-	553,491
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	13,362,606	-	-	-	-	-	-	-	13,075
Federal sources	-	-	-	-	-	-	-	-	600,396
Other	65	291,408	-	127,046	31	-	-	-	-
Total receipts	<u>13,523,619</u>	<u>1,608,899</u>	<u>247,827</u>	<u>2,011,412</u>	<u>1,336,653</u>	<u>83,213</u>	<u>-</u>	<u>-</u>	<u>1,166,962</u>
Disbursements:									
Current:									
Instruction	9,322,198	-	-	-	-	-	-	-	-
Support services	3,492,413	-	-	863,145	1,353,468	99,214	-	-	-
Noninstructional services	127,298	-	-	-	-	-	-	-	1,073,347
Facilities acquisition and construction	66,433	-	-	1,641,628	-	-	-	-	-
Debt services	-	1,301,785	240,314	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>13,008,342</u>	<u>1,301,785</u>	<u>240,314</u>	<u>2,504,773</u>	<u>1,353,468</u>	<u>99,214</u>	<u>-</u>	<u>-</u>	<u>1,073,347</u>
Excess (deficiency) of receipts over disbursements	<u>515,277</u>	<u>307,114</u>	<u>7,513</u>	<u>(493,361)</u>	<u>(16,815)</u>	<u>(16,001)</u>	<u>-</u>	<u>-</u>	<u>93,615</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	115,500	-	-	-	-	-
Transfers in	-	-	-	-	-	-	500,000	-	-
Transfers out	(500,000)	(20,699)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(500,000)</u>	<u>(20,699)</u>	<u>-</u>	<u>115,500</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>15,277</u>	<u>286,415</u>	<u>7,513</u>	<u>(377,861)</u>	<u>(16,815)</u>	<u>(16,001)</u>	<u>500,000</u>	<u>-</u>	<u>93,615</u>
Cash and investments - ending	<u>\$ 4,667,284</u>	<u>\$ 990,143</u>	<u>\$ 171,578</u>	<u>\$ 2,083,063</u>	<u>\$ 122,341</u>	<u>\$ 274,883</u>	<u>\$ 1,100,000</u>	<u>\$ 12,381</u>	<u>\$ 412,881</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	School Library Printed Material	SAFE School Haven	Anti Bullying Program	Robert S. Lowe Scholarship Fund
Cash and investments - beginning	\$ 328,696	\$ 68,303	\$ -	\$ 23,278	\$ 2,770	\$ 31	\$ 149	\$ -	\$ 22,775
Receipts:									
Local sources	223,764	860,462	-	-	-	-	-	5,430	491
Intermediate sources	-	-	-	2,269	-	-	-	-	-
State sources	75,505	-	-	-	2,938	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	299,269	860,462	-	2,269	2,938	-	-	5,430	491
Disbursements:									
Current:									
Instruction	-	338,000	-	-	-	-	-	-	-
Support services	428,484	-	-	-	-	-	-	5,507	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	428,484	338,000	-	-	-	-	-	5,507	-
Excess (deficiency) of receipts over disbursements	(129,215)	522,462	-	2,269	2,938	-	-	(77)	491
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	20,699	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	20,699	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(108,516)	522,462	-	2,269	2,938	-	-	(77)	491
Cash and investments - ending	\$ 220,180	\$ 590,765	\$ -	\$ 25,547	\$ 5,708	\$ 31	\$ 149	\$ (77)	\$ 23,266

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

	Nobbe Brown Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant	PLTW Award	Psi Iota Sorority Library Grant	Indiana Next Leadership	Thank A Teacher Grant	United Fund Decatur County Grant	Decatur Co Soil & Water SDS Lab
Cash and investments - beginning	\$ 40,421	\$ 1,000	\$ 784	\$ 1	\$ 32	\$ 96	\$ 360	\$ (106)	\$ 255
Receipts:									
Local sources	6,049	-	-	-	-	-	3,619	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,619</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	9,438	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	6,250	-	-	-	-	-	-	-	-
Total disbursements	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,438</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(201)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,819)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(201)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,819)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 40,220</u>	<u>\$ 1,000</u>	<u>\$ 784</u>	<u>\$ 1</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ (5,459)</u>	<u>\$ (106)</u>	<u>\$ 255</u>

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

	High Ability 2012-2013	High Ability 2013-2014	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	iPad Insurance Fund	Performance Based Awards	Excess PTRC Distributions	Title I 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ 1,549	\$ -	\$ 1,368	\$ -	\$ 1,917	\$ 52,790	\$ -
Receipts:									
Local sources	-	-	-	-	-	17,613	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	31,009	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	31,009	-	-	-	17,613	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	478	1,330	-	-	-
Support services	-	29,095	-	18,038	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	29,095	-	18,038	478	1,330	-	-	-
Excess (deficiency) of receipts over disbursements	-	1,914	-	(18,038)	(478)	16,283	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(13,100)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(13,100)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,914	-	(18,038)	(478)	16,283	-	(13,100)	-
Cash and investments - ending	\$ -	\$ 1,914	\$ 1,549	\$ (18,038)	\$ 890	\$ 16,283	\$ 1,917	\$ 39,690	\$ -

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

	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	IDEA Grant 2011-2012	IDEA Preschool 2011-2012	IDEA Grant 2012-2013	IDEA Preschool 2012-2013	IDEA Grant 2013-2014
Cash and investments - beginning	\$ -	\$ (31,412)	\$ -	\$ (1,177)	\$ -	\$ (132,242)	\$ (1,452)	\$ -
Receipts:								
Local sources	-	-	-	248	438	136,802	6,530	365,145
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	107,192	67,844	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>107,192</u>	<u>67,844</u>	<u>248</u>	<u>438</u>	<u>136,802</u>	<u>6,530</u>	<u>365,145</u>
Disbursements:								
Current:								
Instruction	-	65,780	339,765	(929)	438	5,297	5,078	403,117
Support services	-	10,000	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>75,780</u>	<u>339,765</u>	<u>(929)</u>	<u>438</u>	<u>5,297</u>	<u>5,078</u>	<u>403,117</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>31,412</u>	<u>(271,921)</u>	<u>1,177</u>	<u>-</u>	<u>131,505</u>	<u>1,452</u>	<u>(37,972)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>31,412</u>	<u>(271,921)</u>	<u>1,177</u>	<u>-</u>	<u>131,505</u>	<u>1,452</u>	<u>(37,972)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (271,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (737)</u>	<u>\$ -</u>	<u>\$ (37,972)</u>

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

	IDEA Preschool 2013-2014	IDEA TA Grant 2013-2014	Drug Free Schools	PLTW Eco15 Bio Med	PLTW Pre-Engineering	PLTW Pre-Engin 2009-2010	Child Care and Development Block Grant	Improving Teacher Quality, Title II, Part A 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ 17	\$ (5,259)	\$ (1,120)	\$ 471	\$ 600	\$ -
Receipts:								
Local sources	14,520	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	14,520	-	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	16,698	4,000	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	16,698	4,000	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(2,178)	(4,000)	-	-	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,178)	(4,000)	-	-	-	-	-	-
Cash and investments - ending	\$ (2,178)	\$ (4,000)	\$ 17	\$ (5,259)	\$ (1,120)	\$ 471	\$ 600	\$ -

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

	Title II 2012-2013	Title II 2013-2014	Title III - Language Instruction	Qualified School Construction Bond	Education Jobs	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ (7,037)	\$ -	\$ (201)	\$ -	\$ -	\$ 220,662	\$ 2,504	\$ 9,933,234
Receipts:								
Local sources	-	-	-	-	-	3,310,148	274,611	10,809,828
Intermediate sources	-	-	-	-	-	-	-	2,269
State sources	-	-	1,018	-	-	-	-	13,486,151
Federal sources	33,179	-	-	-	-	-	-	808,611
Other	-	-	-	-	-	-	-	418,550
Total receipts	33,179	-	1,018	-	-	3,310,148	274,611	25,525,409
Disbursements:								
Current:								
Instruction	23,742	-	-	-	-	3,264,835	270,429	14,069,694
Support services	2,400	18,008	1,018	-	-	-	-	6,320,790
Noninstructional services	-	-	-	-	-	-	-	1,200,645
Facilities acquisition and construction	-	33,322	-	-	-	-	-	1,741,383
Debt services	-	-	-	-	-	-	-	1,542,099
Nonprogrammed charges	-	-	-	-	-	-	-	6,250
Total disbursements	26,142	51,330	1,018	-	-	3,264,835	270,429	24,880,861
Excess (deficiency) of receipts over disbursements	7,037	(51,330)	-	-	-	45,313	4,182	644,548
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	115,500
Transfers in	-	-	-	-	-	-	-	520,699
Transfers out	-	-	-	-	-	-	-	(533,799)
Total other financing sources (uses)	-	-	-	-	-	-	-	102,400
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,037	(51,330)	-	-	-	45,313	4,182	746,948
Cash and investments - ending	\$ -	\$ (51,330)	\$ (201)	\$ -	\$ -	\$ 265,975	\$ 6,686	\$ 10,680,182

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DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 274,918</u>	<u>\$ -</u>

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Decatur Co Community Schools Building Corp	QZAB 2011A Capital improvements	\$ 7,090	3/24/2011	12/31/2025
Decatur Co Community Schools Building Corp	QZAB 2011B Capital improvements	7,090	3/24/2011	12/31/2025
Decatur Co Community Schools Building Corp	2010 QSCB Capital improvements	73,024	12/10/2010	6/30/2024
Decatur Co Community Schools Building Corp	QZAB 2011C Capital improvements	16,766	7/15/2011	6/30/2027
Decatur Co Community Schools Building Corp	Series 2011D Capital improvements	652,000	10/13/2011	1/15/2031
Decatur Co Community Schools Building Corp	QZAB 2011C Capital improvements	75,000	7/15/2011	6/30/2027
Decatur Co Community Schools Building Corp	Series 2014A Capital improvements	75,000	7/1/2015	1/1/2033
Decatur Co Community Schools Building Corp	Series 2014B Capital improvements	75,000	7/1/2015	1/1/2033
Total of annual lease payments		<u>\$ 980,970</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond	<u>\$ 1,965,000</u>	<u>\$ 239,100</u>

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	<u>Ending Balance</u>
Governmental activities:	
Infrastructure	\$ 36,895
Buildings	14,048,589
Improvements other than buildings	2,240,274
Machinery, equipment, and vehicles	<u>8,090,102</u>
Total capital assets	<u>\$ 24,415,860</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Decatur County Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

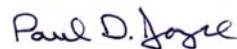
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


Paul D. Joyce, CPA
State Examiner

July 27, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program					
	Indiana Department of Education	10.553		\$ 113,088	\$ -
			FY 12-13		
			FY 13-14	-	116,071
				<u>113,088</u>	<u>116,071</u>
Total - School Breakfast Program					
National School Lunch Program					
	Indiana Department of Education	10.555		517,896	-
			FY 12-13		
			FY 13-14	-	535,306
				<u>517,896</u>	<u>535,306</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster					
Total - Department of Agriculture					
<u>Department of Education</u>					
Special Education Cluster					
Special Education_Grants to States					
	Indiana Department of Education	84.027		-	247
			14212-003-PN01		
			14213-003-PN01	138,722	136,800
			14214-003-PN01	<u>362,141</u>	<u>365,145</u>
Total - Special Education_Grants to States					
Special Education_Preschool Grants					
	Indiana Department of Education	84.173		-	438
			45712-003-PN01		
			45713-003-PN01	12,342	6,530
			45714-003-PN-01	-	14,520
Total - Special Education_Preschool Grants					
Total - Special Education Cluster					
Total - Special Education Cluster					

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Education Jobs Fund	Indiana Department of Education	84.410	DOE-V2-1655	<u>49,922</u>	<u>-</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2011-2012			12-1655	417,364	-
Title I 2012-2013			13-1655	282,639	107,193
Title I 2013-2014			14-1655	<u>-</u>	<u>67,843</u>
Total - Title I, Part A Cluster				<u>700,003</u>	<u>175,036</u>
English Language Acquisition State Grants	Lawrenceburg Community School Corporation	84.365			
Title III Limited English Proficient			01112-107-PN01	<u>-</u>	<u>1,018</u>
Improving Teacher Quality State Grants					
Title II A 2012-2013	Indiana Department of Education	84.367	12-1655	85,747	33,179
Title II A 2013-2014			13-1655	<u>49,409</u>	<u>-</u>
Total - Improving Teacher Quality State Grants				<u>135,156</u>	<u>33,179</u>
Total - Department of Education				<u>1,398,286</u>	<u>732,913</u>
Total federal awards expended				<u>\$ 2,029,270</u>	<u>\$ 1,384,290</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 76,228	\$ 70,991

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The Treasurer performs, or has access to perform incompatible activities related to receipts, disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY 12-13 and FY 13-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties such as an oversight or approval process, related to the following compliance requirements that have a direct and material effect to the programs: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Procurement and Suspension and Debarment, and Program Income.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Upon examination of the payroll docket, it was noted the School Board approved payroll disbursements from the School Lunch fund in total only; the School Board did not review or approve the total paid to each employee. The School Board's approval of the total paid from the fund would not ensure that only employees performing school lunch activities were paid from the program. Upon examination of the extra-curricular disbursements for School Lunch, it was noted that North Decatur Jr-Sr High School is using a purchase order form which contains only the Principal's signature. There is no control in place to ensure disbursements were for activities allowed and allowable costs of the program prior to payment.

Eligibility

Applications for free and reduced meals are reviewed and the status determined by one employee. There is no control in place to ensure that the eligibility determinations were correct.

Procurement and Suspension and Debarment

The School Corporation has not designed or implemented procedures to ensure compliance with Procurement and Suspension and Debarment requirements. There were no controls to ensure that bidders were not suspended or debarred or that suspension and debarment certifications were included in the bid specs or the contracts.

Program Income

The School Board approved meal prices; however, there is no control in place to ensure that the prices approved were being correctly charged by the individual schools.

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

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

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

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

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

***FINDING 2014-004 - INTERNAL CONTROLS OVER TITLE I
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-1655, 13-1655, and 14-1655

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties such as an oversight or approval process, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Eligibility, Period of Availability of Federal Funds, and Reporting.

Activities Allowed or Unallowed

Upon examination of the payroll docket, it was noted the School Board approved payroll disbursements from Title I funds in total only; the School Board did not review or approve the total paid to each employee. The School Board's approval of the total paid from the funds would not ensure that only employees performing Title I activities were paid from the program.

Cash Management

Reimbursement requests are prepared and submitted by the Treasurer. There is no control in place to ensure that expenses are paid prior to requesting reimbursement.

Eligibility

The Data Manager/Food Service Director completes and submits information for the Real Time Reports. That information is used by the state in the determination of eligibility. There is no control in place to ensure the information is accurate prior to submission.

Period of Availability of Federal Funds

Period of availability of grant funds is monitored by the Treasurer. There is no control in place to ensure compliance with Period of Availability requirements.

Reporting

The Treasurer prepares and submits required reports. There is no control in place to ensure the reports are accurate prior to submission.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

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

FINDING 2014-005 - REPORTING

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program and School Breakfast Program
CFDA Number: 10.555 and 10.553
Federal Award Number and Year (or Other Identifying Number): FY 12-13 and FY 13-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the Reporting compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements.

The Annual Financial Reports filed by the School Corporation for the fiscal years ending June 30, 2013, and June 30, 2014, did not properly report breakfast and lunch sales. A Prepaid Food clearing account is not in use by the School Corporation. Prepaid food receipts were included in sales figures reported. Breakfast and lunch sales figures reported were not based on actual sales for each type of meal, but were reported based on a set percentage determined by the School Corporation.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had deficiencies within its documentation supporting the Verification Summary Reports required to be filed each year. The documentation was not adequate to substantiate the accuracy and completeness of the reports.

1. Some of the applications verified were not presented for audit. Additional applications were verified by individual schools, and a listing of those applications was not presented for audit. We could not determine with certainty which applications were included in the Verification Summary Report.
2. The results reported on the Verification Summary Report could not be verified in four instances because the verification section of the application was not completed or a notification of results was not presented for audit.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

7 CFR 3016.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

7 CFR 245.6a(h) states:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the compliance requirements that have a direct and material effect to the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the Reporting requirements of the programs.

FINDING 2014-006 - SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program and School Breakfast Program
CFDA Number: 10.555 and 10.553
Federal Award Number and Year (or Other Identifying Number): FY 12-13 and FY 13-14
Pass-Through Entity: Indiana Department of Education

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation has not established an effective internal control system related to the Special Tests and Provisions compliance requirements for: (1) Verification of Free and Reduced Price Applications, (2) School Food Accounts, and (3) Paid Lunch Equity. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements.

The School Corporation did not properly include all income when verifying the eligibility status on the required sample of approved free or reduced price applications. Of the 24 applications verified by the School Corporation in the audit period, we noted eight instances in which changes were not properly made to the applicant's eligibility status based on the income documentation provided. In six instances, only regular pay was included in the income calculation when verifying the eligibility status, while other income components such as commissions, tips, overtime, shift differential, Sunday differential, sick pay, vacation pay, holiday pay, bonus pay, etc., were excluded. In two instances, the income documentation submitted exceeded the income level for the benefit provided. As a result, some applicants' eligibility status was not properly changed. Of the eight instances noted, six applicants received free meals, which should have been reduced price; and two applicants received reduced price meals, which should have been full pay status.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

7 CFR section 245.6a(f)(7) states: "*Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change . . ."

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

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

Noncompliance of the compliance requirements that have a direct and material effect to the programs could result in the loss of federal funding to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the Special Test and Provision requirements of the programs.

FINDING 2014-007 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-1655, 13-1655, and 14-1655
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have a system in place to ensure compliance with the Circular A-87 regulations for time and effort reporting. None of the semi-annual certification activity reports for employees paid from Title I funds for the fiscal years 2012-2013 and 2013-2014 were presented for audit.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

OMB Circular A-87, Attachment B, Section 8(h), states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation . . .

- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award
 - (b) A Federal award and a non-Federal award
 - (c) An indirect cost activity and a direct cost activity
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity."

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

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

The failure to establish internal controls enabled material noncompliance with Allowable Costs/Cost Principles to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles requirements of the program.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-008 - SPECIAL TESTS AND PROVISIONS - SCHOOLWIDE PROGRAMS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-1655, 13-1655, and 14-1655
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Special Tests and Provisions requirements for Schoolwide Programs. Documentation was not presented for audit to verify that the schools operating a schoolwide program included the following required core elements:

1. Comprehensive needs assessment
2. Comprehensive plan
3. Annual evaluation of the schoolwide program

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

34 CFR 200.26 Core elements of a schoolwide program states:

"(a) *Comprehensive needs assessment.*

- (1) A school operating a schoolwide program must conduct a comprehensive needs assessment of the entire school that—
 - (i) Is based on academic achievement information about all students in the school, including all groups under §200.13(b)(7) and migratory children as defined in section 1309(2) of the ESEA, relative to the State's academic standards under §200.1 to—
 - (A) Help the school understand the subjects and skills for which teaching and learning need to be improved; and
 - (B) Identify the specific academic needs of students and groups of students who are not yet achieving the State's academic standards; and
 - (ii) Assesses the needs of the school relative to each of the components of the schoolwide program under §200.28.
- (2) The comprehensive needs assessment must be developed with the participation of individuals who will carry out the schoolwide program plan.
- (3) The school must document how it conducted the needs assessment, the results it obtained, and the conclusions it drew from those results.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(b) *Comprehensive plan.*

Using data from the comprehensive needs assessment under paragraph (a) of this section, a school that wishes to operate a schoolwide program must develop a comprehensive plan, in accordance with §200.27, that describes how the school will improve academic achievement throughout the school, but particularly for those students furthest away from demonstrating proficiency, so that all students demonstrate at least proficiency on the State's academic standards.

(c) *Evaluation.*

A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

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

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

The School Corporation did not have internal controls in place to reduce the risks of noncompliance with Special Tests and Provisions.

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Special Tests and Provisions requirements of the program.

FINDING 2014-009 - SPECIAL TESTS AND PROVISIONS - COMPARABILITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-1655, 13-1655, and 14-1655

Pass-Through Entity: Indiana Department of Education

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation did not have an effective system of internal control in place to ensure compliance with the grant agreement and the Special Tests and Provisions requirements for Comparability. No documentation was presented for audit that the School Corporation prepared a Comparability Report, or filed a Comparability Report with the state for the years 2013 or 2014.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

Indiana Department of Education, Comparability of Services Handbook, page 2 states in part:

"All Title I districts must submit to the office of Grants Management, Monitoring & Reporting the Comparability Report every other year. . . . The district is required to document compliance with the comparability requirement annually at the LEA level, and submit to the State every two years. . . . Title I districts must develop procedures for compliance with the comparability requirement and implement those procedures annually."

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

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

The School Corporation did not have internal controls in place to reduce the risks of noncompliance with Special Tests and Provisions.

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Special Tests and Provisions requirements of the program.

FINDING 2014-010 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program and School Breakfast Program
CFDA Number: 10.555 and 10.553
Federal Award Number and Year (or Other Identifying Number): FY 12-13 and FY 13-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the Cash Management compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirements.

The School Lunch fund balance for the School Corporation exceeded its three months average expenditures in 13 of the 24 months of the audit period. The three month average expenditure for FY 2013 was \$353,333, but the fund balance excess ranged from \$362,280 to \$390,076. The three month average expenditure for FY 2014 was \$322,004, but the fund balance excess ranged from \$323,389 to \$408,107.

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

7 CFR 210.14(b) states in part: "*Net Cash Resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its non-profit school food service . . . "

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

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

The failure to establish effective internal controls enabled material noncompliance to go undetected. Noncompliance with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties related to the Cash Management requirements of the programs.

AUDITEE PREPARED DOCUMENT

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

ADMINISTRATION

JOHNNY BUDD
Superintendent

DR. MICHAEL LANGEVIN
Associate Superintendent

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

SANDY PRATT
Deputy Treasurer

AMY HACKER
Bookkeeper

Decatur County Community Schools

TELEPHONE: (812) 663-4595

FAX: (812) 663-4168

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Greensburg, Indiana 47240

BOARD MEMBERS

ANNETTE GEIS

MATTHEW HOEING

TODD MAUER

BRENT MUCKERHEIDE

CHRIS OWENS

TIM ROSCOE

MARK YOUNG

July 15, 2015

Indiana State Board of Accounts
302 W. Washington Street
Indianapolis, IN 46204-2765

CORRECTIVE ACTION PLAN FOR 2014 AUDIT COMMENTS

FINDING 2014-01, FINDING 2014-02

Contact Person: Louise Smith / Other Central Office Staff Members

Title: Business Manager

Phone #: 812-663-4595

Expected Completing Date: August 31, 2015

Procedures will be implemented to have another member of the Central Office staff review and sign off on the Schedule of Expenditures of Federal Awards (SEFA). In addition, responsibilities will be reassigned to ensure no one person has control over receipts, disbursements and cash and investment balances. A second person will review monthly reporting and document this approval. All documentation will be retained for review by the State Board of Accounts Auditors.

FINDING 2014-003

Contact Person: Louise Smith / Jennifer Niese

Title: Business Manager / Food Service Director

Phone #: 812-663-4595

Expected Completion Date: COMPLETE

With the addition of our Food Service Director, we have been able to implement the required internal controls and segregation of duties. We now have monthly activity reports prepared by each school bookkeeper, input and reviewed by the Food Service Director, with final approval signed off by the Business Manager. Other Food Service activity regarding Eligibility, Procurement and Suspension and Debarment and Program Income will be performed by the Food Service Director and approved by the Business Manager. All parties sign off on the appropriate forms.

"We exist only that boys and girls may be served"

FINDING 2014-004, FINDING 2014-007, FINDING 2014-008, FINDING 2014-009

Contact Persons: Louise Smith / Debbie Reynolds
Title: Business Manager / Director of Learning and Title I Director
Phone #: 812-663-4595
Expected Completion Date: September 30, 2015

Our newly appointed Director of Learning is also assigned the responsibilities of Title I Director. All activities regarding the Title I grant will be discussed and approved by both the Business Manager and the Title I director. These approvals will be documented accordingly. All required logs and reports will be completed by the Title I director, or her designee, as required, with appropriate approval documented. Necessary reviews will be presented to the Board of School Trustees for their approval. Documentation will be maintained for review by State Board of Accounts Auditors.

FINDING 2014-005, FINDING 2014-006

Contact Person: Louise Smith / Jennifer Niese
Title: Business Manager / Food Service Director
Phone #: 812-663-4595
Expected Completion Date: August 31, 2015

As the 2015-2016 school year starts, the Food Service Director and the Business Manager will meet with the bookkeepers of each school. Our student data system calculates a Prepaid Food account total. We will work with the bookkeepers to establish a prepaid food clearing account to more accurately record prepaid food balances and sales.

New procedures have been developed for the Verification process for those students qualifying for free and/or reduced meals. The Food Service Director will process all applications to determine eligibility with random reviews being done by the Business Manager for accuracy. The Food Director will generate the pool of applications for verification with a building administrator from each school reviewing, confirming, and signing to document this approval. The building bookkeeper will then perform the actual verification process, document and sign applications and return all original documentation to Central Office where it will be reviewed for completeness and maintained for review by the State Board of Account Auditors.

FINDING 2014-10

Contact Person: Louise Smith / Jennifer Niese
Title: Business Manager / Food Service Director
Phone #: 812-663-4595
Expected Completion Date: December 31, 2015

Decatur County Community Schools has routinely paid for repairs to the four (4) cafeterias, and any large equipment purchases, out of our Capital Projects Fund. Now that we have learned of the requirement to maintain only a three (3) month operating balance, we will pay for the repairs and equipment for cafeterias out of the School Lunch fund. The Business Manager and the Food Service Director will meet monthly to monitor the account balance to ensure compliance with the stated requirement.

If there are any questions, my contact information is listed below.

Sincerely,



Louise S Smith
Business Manager
812-663-4595, Ext. 5003
wsmith@decaturco.k12.in.us



Johnny Budd
Superintendent
812-663-4595, Ext 5001
jbudd@decaturco.k12.in.us

OTHER REPORT

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