

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DEKALB COUNTY EASTERN
COMMUNITY SCHOOL DISTRICT
DEKALB COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
07/28/2017

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.....	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.....	20-35
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	40-42
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	60-63
Other Reports.....	64

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Allyson Grimm (Vacant) Maria Conwell	07-01-14 to 05-27-16 05-28-16 to 06-30-16 07-01-16 to 06-30-17
Superintendent of Schools	Dr. Jeffrey Stephens	07-01-14 to 06-30-17
President of the School Board	Leon Steury	07-01-14 to 06-30-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN COMMUNITY
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the DeKalb County Eastern Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 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 April 27, 2017, 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

April 27, 2017



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

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN COMMUNITY
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the DeKalb County Eastern Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 27, 2017, 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 a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 item 2016-001 to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

DeKalb County Eastern Community School District's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 27, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 629,444	\$ 9,931,635	\$ 9,707,365	\$ (115,000)	\$ 738,714	\$ 10,030,747	\$ 9,649,834	\$ (350,000)	\$ 769,627
Debt Service	1,323,585	4,717,210	4,369,670	-	1,671,125	4,704,403	4,259,329	-	2,116,199
Capital Projects	1,206,729	3,963,756	3,764,776	(105,000)	1,300,709	4,006,486	3,871,372	(43,000)	1,392,823
School Transportation	503,384	1,987,631	1,707,844	(80,000)	703,171	1,967,013	1,778,284	(116,294)	775,606
School Bus Replacement	160,350	177,622	227,676	-	110,296	249,446	202,498	-	157,244
Rainy Day	1,000,001	-	-	300,000	1,300,001	75,202	8,000	520,000	1,887,203
Construction	-	86,352	-	-	86,352	12,260	39,568	-	59,044
School Lunch	419,972	715,129	735,011	-	400,090	721,559	745,208	-	376,441
Textbook Rental	110,431	82,648	134,464	-	58,615	80,281	43,956	-	94,940
Levy Excess	2,750	7,956	-	-	10,706	-	-	(10,706)	-
Joint Services and Supply - Special Education Cooperative	2,073,771	4,786,626	4,079,389	-	2,781,008	5,678,187	4,729,890	-	3,729,305
Coop Administrative Hearing	26,003	-	-	-	26,003	-	26,003	-	-
Joint Services and Supply - Area Vocational School	1,011,777	3,805,384	3,554,133	138,195	1,401,223	3,736,999	3,668,264	543,685	2,013,643
Educational License Plates	99	-	61	-	38	56	94	-	-
Alternative Education	-	45,714	45,714	-	-	58,810	58,810	-	-
Coop Donation	5,355	5,093	5,646	-	4,802	2,354	2,561	-	4,595
Insurance Stabilization	37,341	15,051	21,212	-	31,180	30,107	27,438	-	33,849
Teacher Grant	17,321	8,825	14,776	-	11,370	300	11,239	-	431
Wellness Program	-	6,031	4,773	-	1,258	1,795	1,849	-	1,204
Impact Wellness Program	-	-	-	-	-	2,121	2,121	-	-
C.A.S.E.	9,243	51,467	46,065	-	14,645	50,055	51,131	-	13,569
High Ability 13-14	23,704	-	23,704	-	-	-	-	-	-
High Ability 14-15	-	31,756	7,479	-	24,277	-	24,277	-	-
High Ability 15-16	-	-	-	-	-	32,006	7,906	-	24,100
Formative Assessment	-	-	-	-	-	15,457	15,180	-	277
Adult and Continuing Education	66,342	57,799	106,064	32,592	50,669	29,530	79,074	664	1,789
Secured Schools Safety Grant	-	75,998	75,998	-	-	-	50,000	-	(50,000)
Extra-Curricular Activities	57	589	609	-	37	1,084	1,084	-	37
School Technology	1,572	6,105	6,009	-	1,668	6,564	8,232	-	-
IMPACT Technology Grant	3,053	4,191	6,716	-	528	731	1,013	-	246
Insurance Consortium	5,264	71,881	67,978	-	9,167	63,741	69,281	-	3,627
Vocational Business Administration	72,558	40,804	51,822	-	61,540	93,846	63,667	-	91,719
CTE Technology	20	-	20	-	-	-	-	-	-
Title I 13-14	(59,851)	205,861	146,010	-	-	-	-	-	-
Title I 14-15	-	47,034	91,445	-	(44,411)	165,026	120,615	-	-
Title I 15-16	-	-	-	-	-	17,116	101,281	-	(84,165)
Special Education Preschool 14-15	-	165,148	165,148	-	-	-	-	-	-
Special Education Preschool 15-16	-	-	-	-	-	164,419	164,419	-	-
Perkins Grant 13-14	(35,298)	37,212	1,914	-	-	-	-	-	-
Perkins Grant 14-15	-	210,149	215,327	-	(5,178)	112,803	107,625	-	-
Perkins Welding Grant	-	-	-	-	-	60,127	60,127	-	-
Perkins Grant 15-16	-	-	-	-	-	246,619	255,833	-	(9,214)
Perkins Grant 16-17	-	-	-	-	-	-	62	-	(62)
ABE 12-13	(14,238)	14,238	-	-	-	-	-	-	-
Adult Education Workforce Development	(41,757)	132,232	57,883	(32,592)	-	-	-	-	-
Adult Education 14-15	-	502,092	590,100	-	(88,008)	295,816	207,144	(664)	-
Adult Education 15-16	-	-	-	-	-	565,271	598,882	-	(33,611)
Special Education IDEA Grant 12-13	-	1,195	1,195	-	-	-	-	-	-
Special Education IDEA Grant 13-14	(328,919)	1,719,342	1,390,423	-	-	-	-	-	-
IDEA TA Grant 13-14	(756)	79,319	78,563	-	-	294	294	-	-
Special Education IDEA Grant 14-15	-	3,918,620	4,005,162	-	(86,542)	1,441,061	1,354,519	-	-
Special Education IDEA Grant 15-16	-	-	-	-	-	4,375,573	4,615,220	-	(239,647)
Title II, Part A 13-14	-	7,240	7,240	-	-	-	-	-	-
Title II, Part A 14-15	-	4,091	4,489	-	(398)	26,999	26,601	-	-
Title II, Part A 15-16	-	-	-	-	-	5,211	5,211	-	-
Payroll Clearing	-	16,970,126	16,966,857	-	3,269	17,647,005	17,647,056	-	3,218
Prepaid Student Lunch Fees	7,925	-	232	-	7,693	339	372	-	7,660
Totals	\$ 8,237,232	\$ 54,697,152	\$ 52,486,962	\$ 138,195	\$ 10,585,617	\$ 56,774,819	\$ 54,762,424	\$ 543,685	\$ 13,141,697

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Other Financing Sources and Uses

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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

Transfers out. Amounts 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 amounts 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 amounts 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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement grants. The School Corporation is waiting to receive grant reimbursements on money already spent.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with DeKalb Eastern High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2015 and 2016 totaled \$3,010,000 and \$3,010,000, respectively.

Note 9. Impact Institute

Impact Institute is a coalition of schools that support and foster career and technical education for students in multiple counties. Impact Institute also offers Adult Education. The School Corporation is the administrator of this cooperative.

Note 10. Northeast Indiana Special Education Cooperative (NEISEC)

The Northeast Indiana Special Education Cooperative is a public school program serving approximately 3,400 students with disabilities 3-22 years old in DeKalb, LaGrange, Noble, and Steuben Counties. The School Corporation is the administrator of this cooperative.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 629,444	\$ 1,323,585	\$ 1,206,729	\$ 503,384	\$ 160,350	\$ 1,000,001	\$ -	\$ 419,972
Receipts:								
Local sources	124,217	3,312,393	2,751,528	1,389,024	177,622	-	86,352	309,355
Intermediate sources	16	-	-	-	-	-	-	-
State sources	9,804,843	-	-	-	-	-	-	7,300
Federal sources	-	-	-	-	-	-	-	398,474
Temporary loans	-	1,404,817	1,203,978	593,001	-	-	-	-
Other receipts	2,559	-	8,250	5,606	-	-	-	-
Total receipts	9,931,635	4,717,210	3,963,756	1,987,631	177,622	-	86,352	715,129
Disbursements:								
Instruction	6,328,459	-	-	-	-	-	-	-
Support services	3,114,408	6,390	1,828,782	1,175,883	136,080	-	-	3,678
Noninstructional services	241,498	-	-	-	-	-	-	731,333
Facilities acquisition and construction	23,000	-	776,395	46,746	-	-	-	-
Debt service	-	4,363,280	1,159,599	485,215	91,596	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,707,365	4,369,670	3,764,776	1,707,844	227,676	-	-	735,011
Excess (deficiency) of receipts over disbursements	224,270	347,540	198,980	279,787	(50,054)	-	86,352	(19,882)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	300,000	-	-
Transfers out	(115,000)	-	(105,000)	(80,000)	-	-	-	-
Total other financing sources (uses)	(115,000)	-	(105,000)	(80,000)	-	300,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	109,270	347,540	93,980	199,787	(50,054)	300,000	86,352	(19,882)
Cash and investments - ending	\$ 738,714	\$ 1,671,125	\$ 1,300,709	\$ 703,171	\$ 110,296	\$ 1,300,001	\$ 86,352	\$ 400,090

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	Coop Administrative Hearing	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternative Education	Coop Donation
Cash and investments - beginning	\$ 110,431	\$ 2,750	\$ 2,073,771	\$ 26,003	\$ 1,011,777	\$ 99	\$ -	\$ 5,355
Receipts:								
Local sources	36,994	7,956	4,786,626	-	1,118,678	-	-	5,093
Intermediate sources	-	-	-	-	-	-	-	-
State sources	45,654	-	-	-	2,686,706	-	45,714	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	82,648	7,956	4,786,626	-	3,805,384	-	45,714	5,093
Disbursements:								
Instruction	-	-	1,289,476	-	2,390,445	-	45,714	1,959
Support services	134,464	-	2,789,913	-	1,163,688	61	-	3,687
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	134,464	-	4,079,389	-	3,554,133	61	45,714	5,646
Excess (deficiency) of receipts over disbursements	(51,816)	7,956	707,237	-	251,251	(61)	-	(553)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	138,195	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	138,195	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(51,816)	7,956	707,237	-	389,446	(61)	-	(553)
Cash and investments - ending	\$ 58,615	\$ 10,706	\$ 2,781,008	\$ 26,003	\$ 1,401,223	\$ 38	\$ -	\$ 4,802

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Insurance Stabilization	Teacher Grant	Wellness Program	Impact Wellness Program	C.A.S.E.	High Ability 13-14	High Ability 14-15
Cash and investments - beginning	\$ 37,341	\$ 17,321	\$ -	\$ -	\$ 9,243	\$ 23,704	\$ -
Receipts:							
Local sources	15,051	-	-	-	51,467	-	-
Intermediate sources	-	8,825	6,031	-	-	-	-
State sources	-	-	-	-	-	-	31,756
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	15,051	8,825	6,031	-	51,467	-	31,756
Disbursements:							
Instruction	-	14,020	-	-	-	23,704	7,479
Support services	21,212	756	4,773	-	46,065	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	21,212	14,776	4,773	-	46,065	23,704	7,479
Excess (deficiency) of receipts over disbursements	(6,161)	(5,951)	1,258	-	5,402	(23,704)	24,277
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	(6,161)	(5,951)	1,258	-	5,402	(23,704)	24,277
Cash and investments - ending	\$ 31,180	\$ 11,370	\$ 1,258	\$ -	\$ 14,645	\$ -	\$ 24,277

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	High Ability 15-16	Formative Assessment	Adult and Continuing Education	Secured Schools Safety Grant	Extra- Curricular Activities	School Technology	IMPACT Technology Grant
Cash and investments - beginning	\$ -	\$ -	\$ 66,342	\$ -	\$ 57	\$ 1,572	\$ 3,053
Receipts:							
Local sources	-	-	55,799	-	589	-	-
Intermediate sources	-	-	2,000	-	-	-	-
State sources	-	-	-	75,998	-	6,105	4,191
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	57,799	75,998	589	6,105	4,191
Disbursements:							
Instruction	-	-	106,064	-	-	-	-
Support services	-	-	-	47,898	-	6,009	6,716
Noninstructional services	-	-	-	-	609	-	-
Facilities acquisition and construction	-	-	-	28,100	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	106,064	75,998	609	6,009	6,716
Excess (deficiency) of receipts over disbursements	-	-	(48,265)	-	(20)	96	(2,525)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	32,592	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	32,592	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(15,673)	-	(20)	96	(2,525)
Cash and investments - ending	\$ -	\$ -	\$ 50,669	\$ -	\$ 37	\$ 1,668	\$ 528

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Insurance Consortium	Vocational Business Administration	CTE Technology	Title I 13-14	Title I 14-15	Title I 15-16	Special Education Preschool 14-15
Cash and investments - beginning	\$ 5,264	\$ 72,558	\$ 20	\$ (59,851)	\$ -	\$ -	\$ -
Receipts:							
Local sources	71,881	40,804	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	205,861	47,034	-	165,148
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	71,881	40,804	-	205,861	47,034	-	165,148
Disbursements:							
Instruction	-	8,460	20	119,945	71,510	-	165,148
Support services	66,820	43,362	-	25,065	19,935	-	-
Noninstructional services	-	-	-	1,000	-	-	-
Facilities acquisition and construction	1,158	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	67,978	51,822	20	146,010	91,445	-	165,148
Excess (deficiency) of receipts over disbursements	3,903	(11,018)	(20)	59,851	(44,411)	-	-
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	3,903	(11,018)	(20)	59,851	(44,411)	-	-
Cash and investments - ending	\$ 9,167	\$ 61,540	\$ -	\$ -	\$ (44,411)	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Special Education Preschool 15-16	Perkins Grant 13-14	Perkins Grant 14-15	Perkins Welding Grant	Perkins Grant 15-16	Perkins Grant 16-17	ABE 12-13
Cash and investments - beginning	\$ -	\$ (35,298)	\$ -	\$ -	\$ -	\$ -	\$ (14,238)
Receipts:							
Local sources	-	-	-	-	-	-	14,238
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	37,212	210,149	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	37,212	210,149	-	-	-	14,238
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	1,914	215,327	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	1,914	215,327	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	35,298	(5,178)	-	-	-	14,238
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	-	35,298	(5,178)	-	-	-	14,238
Cash and investments - ending	\$ -	\$ -	\$ (5,178)	\$ -	\$ -	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Adult Education Workforce Development	Adult Education 14-15	Adult Education 15-16	Special Education IDEA Grant 12-13	Special Education IDEA Grant 13-14	IDEA TA Grant 13-14	Special Education IDEA Grant 14-15
Cash and investments - beginning	\$ (41,757)	\$ -	\$ -	\$ -	\$ (328,919)	\$ (756)	\$ -
Receipts:							
Local sources	132,232	155,924	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	341,847	-	-	-	-	-
Federal sources	-	4,321	-	1,195	1,719,342	79,319	3,918,620
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	132,232	502,092	-	1,195	1,719,342	79,319	3,918,620
Disbursements:							
Instruction	46,447	431,243	-	1,195	1,136,864	10,423	3,094,784
Support services	11,436	158,857	-	-	253,559	68,140	910,378
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	57,883	590,100	-	1,195	1,390,423	78,563	4,005,162
Excess (deficiency) of receipts over disbursements	74,349	(88,008)	-	-	328,919	756	(86,542)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(32,592)	-	-	-	-	-	-
Total other financing sources (uses)	(32,592)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,757	(88,008)	-	-	328,919	756	(86,542)
Cash and investments - ending	\$ -	\$ (88,008)	\$ -	\$ -	\$ -	\$ -	\$ (86,542)

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Special Education IDEA Grant 15-16	Title II, Part A 13-14	Title II, Part A 14-15	Title II, Part A 15-16	Payroll Clearing	Prepaid Student Lunch Fees	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,925	\$ 8,237,232
Receipts:							
Local sources	-	-	-	-	-	-	14,643,823
Intermediate sources	-	-	-	-	-	-	16,872
State sources	-	-	-	-	-	-	13,050,114
Federal sources	-	7,240	4,091	-	-	-	6,798,006
Temporary loans	-	-	-	-	-	-	3,201,796
Other receipts	-	-	-	-	16,970,126	-	16,986,541
Total receipts	-	7,240	4,091	-	16,970,126	-	54,697,152
Disbursements:							
Instruction	-	-	-	-	-	-	15,293,359
Support services	-	7,240	4,489	-	-	-	12,276,985
Noninstructional services	-	-	-	-	-	-	974,440
Facilities acquisition and construction	-	-	-	-	-	-	875,399
Debt service	-	-	-	-	-	-	6,099,690
Nonprogrammed charges	-	-	-	-	16,966,857	232	16,967,089
Total disbursements	-	7,240	4,489	-	16,966,857	232	52,486,962
Excess (deficiency) of receipts over disbursements	-	-	(398)	-	3,269	(232)	2,210,190
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	138,195
Transfers in	-	-	-	-	-	-	332,592
Transfers out	-	-	-	-	-	-	(332,592)
Total other financing sources (uses)	-	-	-	-	-	-	138,195
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(398)	-	3,269	(232)	2,348,385
Cash and investments - ending	\$ -	\$ -	\$ (398)	\$ -	\$ 3,269	\$ 7,693	\$ 10,585,617

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 738,714	\$ 1,671,125	\$ 1,300,709	\$ 703,171	\$ 110,296	\$ 1,300,001	\$ 86,352	\$ 400,090
Receipts:								
Local sources	105,580	3,465,062	2,763,460	1,444,906	201,600	75,202	12,260	305,806
Intermediate sources	17	-	-	-	-	-	-	-
State sources	9,925,150	-	-	-	-	-	-	7,879
Federal sources	-	-	-	-	-	-	-	407,874
Temporary loans	-	1,198,400	1,243,026	522,107	6,905	-	-	-
Interfund loans	-	40,941	-	-	40,941	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	10,030,747	4,704,403	4,006,486	1,967,013	249,446	75,202	12,260	721,559
Disbursements:								
Instruction	6,297,787	-	-	-	-	-	-	-
Support services	3,092,376	-	1,999,287	1,246,437	161,557	8,000	-	4,370
Noninstructional services	259,671	-	-	-	-	-	-	711,210
Facilities acquisition and construction	-	-	646,638	25,162	-	-	39,568	28,968
Debt service	-	4,218,388	1,225,447	506,685	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	660
Interfund loans	-	40,941	-	-	40,941	-	-	-
Total disbursements	9,649,834	4,259,329	3,871,372	1,778,284	202,498	8,000	39,568	745,208
Excess (deficiency) of receipts over disbursements	380,913	445,074	135,114	188,729	46,948	67,202	(27,308)	(23,649)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	10,706	-	520,000	-	-
Transfers out	(350,000)	-	(43,000)	(127,000)	-	-	-	-
Total other financing sources (uses)	(350,000)	-	(43,000)	(116,294)	-	520,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,913	445,074	92,114	72,435	46,948	587,202	(27,308)	(23,649)
Cash and investments - ending	\$ 769,627	\$ 2,116,199	\$ 1,392,823	\$ 775,606	\$ 157,244	\$ 1,887,203	\$ 59,044	\$ 376,441

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	Coop Administrative Hearing	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternative Education	Coop Donation
Cash and investments - beginning	\$ 58,615	\$ 10,706	\$ 2,781,008	\$ 26,003	\$ 1,401,223	\$ 38	\$ -	\$ 4,802
Receipts:								
Local sources	34,848	-	5,678,187	-	3,731,216	-	-	-
Intermediate sources	-	-	-	-	-	56	-	2,354
State sources	45,433	-	-	-	88	-	58,810	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5,695	-	-	-
Total receipts	80,281	-	5,678,187	-	3,736,999	56	58,810	2,354
Disbursements:								
Instruction	-	-	1,731,438	-	2,363,042	-	58,810	207
Support services	43,956	-	2,998,452	26,003	1,305,222	94	-	2,354
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	43,956	-	4,729,890	26,003	3,668,264	94	58,810	2,561
Excess (deficiency) of receipts over disbursements	36,325	-	948,297	(26,003)	68,735	(38)	-	(207)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	543,685	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(10,706)	-	-	-	-	-	-
Total other financing sources (uses)	-	(10,706)	-	-	543,685	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	36,325	(10,706)	948,297	(26,003)	612,420	(38)	-	(207)
Cash and investments - ending	\$ 94,940	\$ -	\$ 3,729,305	\$ -	\$ 2,013,643	\$ -	\$ -	\$ 4,595

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Insurance Stabilization	Teacher Grant	Wellness Program	Impact Wellness Program	C.A.S.E.	High Ability 13-14	High Ability 14-15
Cash and investments - beginning	\$ 31,180	\$ 11,370	\$ 1,258	\$ -	\$ 14,645	\$ -	\$ 24,277
Receipts:							
Local sources	30,107	300	-	-	50,055	-	-
Intermediate sources	-	-	1,795	2,121	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	30,107	300	1,795	2,121	50,055	-	-
Disbursements:							
Instruction	-	11,239	-	-	-	-	24,277
Support services	27,438	-	1,849	2,121	51,131	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	27,438	11,239	1,849	2,121	51,131	-	24,277
Excess (deficiency) of receipts over disbursements	2,669	(10,939)	(54)	-	(1,076)	-	(24,277)
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	2,669	(10,939)	(54)	-	(1,076)	-	(24,277)
Cash and investments - ending	\$ 33,849	\$ 431	\$ 1,204	\$ -	\$ 13,569	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	High Ability 15-16	Formative Assessment	Adult and Continuing Education	Secured Schools Safety Grant	Extra- Curricular Activities	School Technology	IMPACT Technology Grant
Cash and investments - beginning	\$ -	\$ -	\$ 50,669	\$ -	\$ 37	\$ 1,668	\$ 528
Receipts:							
Local sources	-	-	29,530	-	1,084	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	32,006	15,457	-	-	-	6,564	731
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	32,006	15,457	29,530	-	1,084	6,564	731
Disbursements:							
Instruction	7,906	15,180	79,074	-	-	-	-
Support services	-	-	-	50,000	-	8,232	1,013
Noninstructional services	-	-	-	-	1,084	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	7,906	15,180	79,074	50,000	1,084	8,232	1,013
Excess (deficiency) of receipts over disbursements	24,100	277	(49,544)	(50,000)	-	(1,668)	(282)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	664	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	664	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,100	277	(48,880)	(50,000)	-	(1,668)	(282)
Cash and investments - ending	\$ 24,100	\$ 277	\$ 1,789	\$ (50,000)	\$ 37	\$ -	\$ 246

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Insurance Consortium	Vocational Business Administration	CTE Technology	Title I 13-14	Title I 14-15	Title I 15-16	Special Education Preschool 14-15
Cash and investments - beginning	\$ 9,167	\$ 61,540	\$ -	\$ -	\$ (44,411)	\$ -	\$ -
Receipts:							
Local sources	63,741	3,546	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	90,300	-	-	-	-	-
Federal sources	-	-	-	-	165,026	17,116	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>63,741</u>	<u>93,846</u>	<u>-</u>	<u>-</u>	<u>165,026</u>	<u>17,116</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	-	92,409	86,231	-
Support services	69,281	63,667	-	-	27,206	15,050	-
Noninstructional services	-	-	-	-	1,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>69,281</u>	<u>63,667</u>	<u>-</u>	<u>-</u>	<u>120,615</u>	<u>101,281</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,540)</u>	<u>30,179</u>	<u>-</u>	<u>-</u>	<u>44,411</u>	<u>(84,165)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,540)</u>	<u>30,179</u>	<u>-</u>	<u>-</u>	<u>44,411</u>	<u>(84,165)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,627</u>	<u>\$ 91,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84,165)</u>	<u>\$ -</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Special Education Preschool 15-16	Perkins Grant 13-14	Perkins Grant 14-15	Perkins Welding Grant	Perkins Grant 15-16	Perkins Grant 16-17	ABE 12-13
Cash and investments - beginning	\$ -	\$ -	\$ (5,178)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	29	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	164,419	-	112,803	60,127	246,590	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	164,419	-	112,803	60,127	246,619	-	-
Disbursements:							
Instruction	164,419	-	-	60,127	-	-	-
Support services	-	-	107,625	-	255,833	62	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	164,419	-	107,625	60,127	255,833	62	-
Excess (deficiency) of receipts over disbursements	-	-	5,178	-	(9,214)	(62)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	5,178	-	(9,214)	(62)	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,214)</u>	<u>\$ (62)</u>	<u>\$ -</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Adult Education Workforce Development	Adult Education 14-15	Adult Education 15-16	Special Education IDEA Grant 12-13	Special Education IDEA Grant 13-14	IDEA TA Grant 13-14	Special Education IDEA Grant 14-15
Cash and investments - beginning	\$ -	\$ (88,008)	\$ -	\$ -	\$ -	\$ -	\$ (86,542)
Receipts:							
Local sources	-	-	36,296	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	119,045	528,975	-	-	-	-
Federal sources	-	176,771	-	-	-	294	1,441,061
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	295,816	565,271	-	-	294	1,441,061
Disbursements:							
Instruction	-	200,389	442,459	-	-	294	1,227,902
Support services	-	6,755	156,423	-	-	-	126,617
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	207,144	598,882	-	-	294	1,354,519
Excess (deficiency) of receipts over disbursements	-	88,672	(33,611)	-	-	-	86,542
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(664)	-	-	-	-	-
Total other financing sources (uses)	-	(664)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	88,008	(33,611)	-	-	-	86,542
Cash and investments - ending	\$ -	\$ -	\$ (33,611)	\$ -	\$ -	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Special Education IDEA Grant 15-16	Title II, Part A 13-14	Title II, Part A 14-15	Title II, Part A 15-16	Payroll Clearing	Prepaid Student Lunch Fees	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (398)	\$ -	\$ 3,269	\$ 7,693	\$ 10,585,617
Receipts:							
Local sources	-	-	-	-	-	-	18,032,815
Intermediate sources	-	-	-	-	-	-	6,343
State sources	-	-	-	-	-	-	10,830,438
Federal sources	4,375,573	-	26,999	5,211	-	-	7,199,864
Temporary loans	-	-	-	-	-	-	2,970,438
Interfund loans	-	-	-	-	-	-	81,882
Other receipts	-	-	-	-	17,647,005	339	17,653,039
Total receipts	4,375,573	-	26,999	5,211	17,647,005	339	56,774,819
Disbursements:							
Instruction	3,666,916	-	-	-	-	-	16,530,106
Support services	948,304	-	26,601	5,211	-	-	12,838,527
Noninstructional services	-	-	-	-	-	-	972,965
Facilities acquisition and construction	-	-	-	-	-	-	740,336
Debt service	-	-	-	-	-	-	5,950,520
Nonprogrammed charges	-	-	-	-	17,647,056	372	17,648,088
Interfund loans	-	-	-	-	-	-	81,882
Total disbursements	4,615,220	-	26,601	5,211	17,647,056	372	54,762,424
Excess (deficiency) of receipts over disbursements	(239,647)	-	398	-	(51)	(33)	2,012,395
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	543,685
Transfers in	-	-	-	-	-	-	531,370
Transfers out	-	-	-	-	-	-	(531,370)
Total other financing sources (uses)	-	-	-	-	-	-	543,685
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(239,647)	-	398	-	(51)	(33)	2,556,080
Cash and investments - ending	\$ (239,647)	\$ -	\$ -	\$ -	\$ 3,218	\$ 7,660	\$ 13,141,697

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
DeKalb Eastern High School Building Corporation	2010 Refinance of Series 2003 Bond	<u>\$ 2,882,000</u>	6/30/2011	12/31/2017

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Tax anticipation warrants		Temporary Loan	<u>\$ 2,695,671</u>	<u>\$ 2,724,260</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,837,991
Buildings	28,566,804
Improvements other than buildings	831,868
Machinery, equipment, and vehicles	5,725,730
Books and other	3,553,940
 Total capital assets	 \$ 40,516,333

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN COMMUNITY
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the DeKalb County Eastern Community School District's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. 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.

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

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, 2014 to June 30, 2016.

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 2016-003, 2016-004, 2016-005, and 2016-006. 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 a 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 2016-002, 2016-003, 2016-004, 2016-005, and 2016-006 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

April 27, 2017

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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2014-2015	\$ -	\$ 68,966	\$ -	\$ -
			FY 2015-2016	-	-	-	73,608
Total - School Breakfast Program				-	68,966	-	73,608
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2014-2015	-	329,964	-	-
			FY 2015-2016	-	-	-	334,683
National School Lunch Program - Commodities				-	47,494	-	46,903
Total - National School Lunch Program				-	377,458	-	381,586
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2014-2015	-	18,913	-	-
			FY 2015-2016	-	-	-	19,777
Total - Summer Food Service Program for Children				-	18,913	-	19,777
Total - Child Nutrition Cluster				-	465,337	-	474,971
Total - Department of Agriculture				-	465,337	-	474,971
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education - Grants to States	Indiana Department of Education	84.027					
			14213-046-PN01	-	84	-	-
			14214-046-PN01	-	86,265	-	-
			99914-046-TA01	-	4,134	-	21
			14215-046-PN01	-	241,285	-	69,572
			14216-044-PN01	-	-	-	248,178
Total - Special Education - Grants to States				-	331,768	-	317,771

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016
(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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued) Special Education - Preschool Grants	Indiana Department of Education	84.173	45715-046-PN01 45716-044-PN01	- -	7,389 -	- -	- 7,304
Total - Special Education - Preschool Grants				-	7,389	-	7,304
Total - Special Education Cluster (IDEA)				-	339,157	-	325,075
Adult Education - Basic Grants to States	Northeast Indiana Regional Workforce Investment Board	84.002	AE-Impact-2014-01 AE-Impact-2015-01	- -	298,054 -	- -	- 153,982
Total - Adult Education - Basic Grants to States				-	298,054	-	153,982
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-1805 15-1805 16-1805	- - -	205,861 47,034 -	- - -	- 165,026 17,116
Total - Title I Grants to Local Educational Agencies				-	252,895	-	182,142
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	13-4700-1805 14-4700-1805 A58-5-15CI-2744 15-4700-1805	- - - -	37,212 210,149 - -	- - - -	- 112,803 60,127 246,590
Total - Career and Technical Education - Basic Grants to States				-	247,361	-	419,520
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	13-1805 14-1805 15-1805	- - -	7,240 4,091 -	- - -	- 26,999 5,211
Total - Improving Teacher Quality State Grants				-	11,331	-	32,210
Total - Department of Education				-	1,148,798	-	1,112,929
Total federal awards expended				\$ -	\$ 1,614,135	\$ -	\$ 1,587,900

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. Northeast Indiana Special Education Cooperative (NEISEC)

The School Corporation is a member of the Northeast Indiana Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member School Corporations as appropriate.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program was understated by \$11,715 in 2014-2015 and understated by \$47,320 in 2015-2016.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The School Breakfast Program was overstated by \$7,783 in 2014-2015.
3. The Career and Technical Education - Basic Grant to States (CFDA 84.048) was understated by \$35,298 in 2014-2015 and understated by \$60,098 in 2015-2016.
4. The SEFA, as presented, contained some incorrect Federal Program names.
5. The SEFA did not include the Identifying Numbers for all grants.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Procurement and Suspension and Debarment, and Reporting.

Cash Management

The School Corporation had not established a control to ensure that the food service balance was less than or equal to the average expenditures for three months.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement and Suspension and Debarment

The School Corporation utilized an Educational Service Center for Food Service bids. The Educational Service Center administered the bidding process, verified that the vendors were not suspended or debarred, and made a recommendation to the School Corporation for the winning bids. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

Reporting

The School Lunch Director prepared and submitted the Sponsor Claim (claims for reimbursement), the School Food Authority (SFA) Verification Collection Reports, and the Annual Financial Report; however, there was no control in place to ensure that the reports were correct.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management, Procurement and Suspension and Debarment, and Reporting compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-003 - SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Context

One out of the six verified school lunch applications selected for verification in November 2015 was verified incorrectly. During a review by the Indiana Department of Education in December 2015, the School Corporation was made aware of the error on the verification and the household was notified of the change in benefits in December 2015.

The School Corporation had a control established to ensure the verification of applications and the reviews conducted by the Food Service Director were accurate and correct; however, the control was not implemented on a consistent basis.

Criteria

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. . . ."

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6a(c) states in part: "*Verification requirement—(1) General.* The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced meal benefits for that school year. . . ."

Cause

Management had not maintained a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-004 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: United States Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Paid Lunch Equity.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have policies or procedures in place to ensure Special Tests and Provisions - Paid Lunch Equity requirements were properly calculated and considered.

Context

The calculation was made by one individual without oversight or review. Additionally, the calculation was not completed properly.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions or that ensured proper calculations of paid lunch equity.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-005 - ELIGIBILITY

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Eligibility.

The School Corporation had not established an effective control over the determination for free and reduced price applications.

The School Corporation had not established an effective control over the notification of households for the children's eligibility for direct certification students. There was no audit evidence available to test whether households that were directly certified for Free and Reduced Price School Meals were notified of the eligibility of their children.

Context

The School Corporation had a control established to ensure the determination of eligibility for free and reduced price applications, with the determination being performed by one individual and then reviewed by a second individual; however, the control was not implemented on a consistent basis.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had a control established for notifying households of their children's eligibility, but it was not implemented for households of direct certification students.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6(c)(6)(ii) states in part:

"*Direct Certification.* Households approved for benefits based on information provided by the appropriate State or local agency responsible for the administration of the SNAP, FDPIR or TANF must be notified, in writing, that their children are eligible for free meals or free milk, that no application for free and reduced price school meals or free milk is required. . . ."

Cause

The School Corporation did not implement their established controls on a consistent basis.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish and implement controls related to the grant agreement and the Eligibility compliance requirement.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-006 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,
99914-046-TA01, 14215-046-PN01,
14216-044-PN01, 45715-046-PN01,
45716-044-PN01

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

The School Corporation had not implemented adequate controls to ensure that Semi-Annual Certifications were prepared and retained for audit.

Context

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B item 8(h)(3) states:

"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 semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT

300 East Washington Street • Butler, IN 46721 • 260-868-2125 • FAX 260-868-2562

Indiana State Board of Accounts
302 W Washington St
Room E 418
Indianapolis, IN 46204-2765

Corrective Action Plan

To Whom It May Concern:

This letter serves as our official response to the results and comments listed on the audit for the years July 1, 2014 through June 30, 2016.

Contact Person Responsible for Corrective Action: Maria Conwell
Contact Phone Number: 260-868-2125

Finding 2016-001

Description of Corrective Action Plan: The Business Manager will review all Federal Program names, CFDA numbers, and Identifying Numbers for all Federal grants prior to completion of the Schedule of Expenditures of Federal Awards. During the 2014-2015 and 2015-2016 fiscal years, commodities were excluded from the Schedule of Expenditures of Federal Awards, and going forward the Business Manager will utilize the commodities website to confirm the amounts and add to the SEFA. The Business Manager will examine receipt and gross amounts to complete the Schedule of Expenditures of Federal Awards. The District Bookkeeper will review and confirm amounts for accurate completion of the schedule.

Anticipated Completion Date: Ongoing —The Business Manager and District Bookkeeper will provide signatures or initials as proof of review

Finding 2016-002

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Year: FY 2014-15 and FY 2015-16
Pass-Through Entity: Indiana Department of Education

It is the mission of DeKalb County Eastern C.S.D., in concert with the community, to provide all learners with skills to adapt intellectually and socially to their changing environment.



Description of Corrective Action Plan:

Cash Management: The Food Service Director will run the food service balance every three months and sign off. The report will then be given to the Dean of Students to review on a quarterly basis and sign off after verifying the accuracy.

Procurement: Once food service bids are awarded, the Food Service Director will submit the bids to the superintendent and the School Board will review for adoption of the Region 8 commodities bid.

Reporting: At the end of the lunch periods, cashiers will print daily totals and verify accuracy and sign off. The Food Service Director shall verify monthly reports and submit to district Bookkeeper who will verify report relative to claim and initial document. After Food Service Director prepares School Food Authority Verification Collection Reports, the Dean of Students will review and certify for accuracy. The data for the Annual Financial Report will be generated by the superintendent's office, submitted to the Food Service Director who will complete the form and this will then be reviewed and approved by the Dean of Students prior to submission to the state.

Anticipated Completion Date: Ongoing—The Food Service Director will provide a signature or initial on each report and the Dean of Students will provide a signature or initial on each report as proof of review.

Finding 2016-003

Federal Agency: United States Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year: FY 2014-15 and FY 2015-16

Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: The Food Service Director will enter applications for Free and Reduced Price (NSLP) and each application will be reviewed by the Dean of Students for accuracy.

Anticipated Completion Date: Ongoing - The Food Service Director will provide a signature or initial on each application and the Dean of Students will provide a signature or initial on each application as proof of review.

Finding 2016.004

Federal Agency: United States Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year: FY 2014-15 and FY 2015-16

Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: The Food Service Director will complete the Paid Lunch Equity calculation and this will be verified and reviewed by the Dean of Students.

Anticipated Completion Date: Ongoing — The Dean of Students will provide signatures or initials on the calculation report as given by the Food Service Director as proof of review for accuracy.

Finding 2016-005

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Year: FY 2014-15 and FY 2015-16
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: The Food Service Director will verify the direct certification students and letters will be sent to direct certification parents. A hard copy of the direct certification students will be provided to the Dean of Students, who will verify the information and certify letters were sent out.

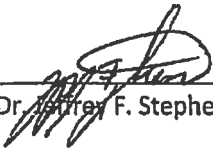
Anticipated Completion Date: Ongoing — The Food Service Director will provide a signature or initials on the hard copy which will be reviewed and signed or initialed by the Dean of Students.

Finding 2016-006

Federal Agency: United States Department of Education
Federal Program: Special Education — Grants to States (IDEA Part B), and Special Education — Preschool Grants (IDEA Preschool)
CFDA Number: 84.027, and 84.173
Federal Award Number and Year: 14213-046-PN01, 14214-046-PNO1
99914-046-TA01, 14215-046-PNO1
14216-044-PN01, 45715-046-PNO1
45716-044-PNO1
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan: Payroll records for each individual employee show funding allocation from IDEA part B grant and IDEA Preschool grant. NEISEC Director will print off and sign all Semi-Annual Certifications semi-annually.

Anticipated Completion Date: Ongoing — NEISEC Director will sign off on Semi-Annual Certification as proof of review.



Dr. Jeffrey F. Stephens, Superintendent

4-28-17
Date



Maria Conwell, Business Manager

4-28-17
Date

OTHER REPORTS

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