

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

DELAWARE COMMUNITY SCHOOL CORPORATION  
DELAWARE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
04/18/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	19-32
Schedule of Payables and Receivables .....	33
Schedule of Leases and Debt .....	34
Schedule of Capital Assets .....	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	38-39
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	42-43
Notes to Schedule of Expenditures of Federal Awards .....	44
Schedule of Findings and Questioned Costs .....	45-49
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	52
Corrective Action Plan .....	53-54
Other Reports .....	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris Cheryl Dominick	07-01-14 to 04-20-16 04-21-16 to 12-31-18
Superintendent of Schools	Steven Hall Reece Mann	07-01-14 to 06-30-15 07-01-15 to 06-30-22
President of the School Board	John Adams Tyce Stebbins Andy Williams Trent Fox John Adams	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Delaware Community School Corporation (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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

***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.


INDEPENDENT AUDITOR'S REPORT  
(Continued)

*Other Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2018, 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 solely 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 effectiveness of the School Corporation's 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

March 29, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 DELAWARE COMMUNITY SCHOOL  
CORPORATION, DELAWARE 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 Delaware Community School Corporation (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 March 29, 2018, 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 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 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**Delaware Community School Corporation'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

March 29, 2018

(This page intentionally left blank.)

## 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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
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	\$ 3,986,286	\$ 15,839,634	\$ 15,797,819	\$ 124,082	\$ 4,152,183	\$ 16,056,934	\$ 15,977,049	\$ 73,801	\$ 4,305,869
Debt Service	1,227,445	1,352,970	1,930,587	(153,535)	496,293	1,723,387	1,198,918	(61,581)	959,181
Retirement/Severance Bond Debt Service	229,832	432,694	424,506	-	238,020	404,763	617,026	-	25,757
Capital Projects	1,130,348	1,845,660	1,730,402	312	1,245,918	1,849,614	2,021,790	402	1,074,144
School Transportation	1,132,351	1,479,645	1,389,582	(200,000)	1,022,414	1,451,117	1,171,671	(199,764)	1,102,096
School Bus Replacement	577,824	434,031	176,326	-	835,529	441,496	856,771	3,795	424,049
Rainy Day	833,330	-	206,855	200,000	826,475	-	39,911	200,000	986,564
Construction	-	-	-	-	-	-	117,067	1,357,000	1,239,933
School Lunch	740,773	1,190,054	1,120,986	-	809,841	1,222,125	1,146,440	-	885,526
Textbook Rental	424,605	268,883	312,175	29,453	410,766	261,114	188,323	-	483,557
Levy Excess	-	83	-	-	83	-	-	(83)	-
Child Care Program	90,650	188,894	189,785	-	89,759	194,112	184,294	-	99,577
Educational License Plates	3,831	413	2,150	-	2,094	131	2,225	-	-
Alternative Ed Grant 13-14	4,703	-	4,703	-	-	-	-	-	-
Alternative Ed Grant 14-15	-	6,499	6,499	-	-	-	-	-	-
Alternative Ed Grant 15-16	-	-	-	-	-	7,236	7,236	-	-
SAFE School Haven 14-15	-	6,116	7,000	-	(884)	884	-	-	-
SAFE School Haven 15-16	-	-	-	-	-	7,000	7,000	-	-
NCISIC Wellness Grant 12-13	26,441	-	17,015	-	9,426	-	5,578	-	3,848
NCISIC Wellness Grant 13-14	24,747	-	-	-	24,747	-	4,038	-	20,709
Delcom Memorial Scholarship	1,121	-	-	-	1,121	-	-	-	1,121
Formative Assessment	-	-	-	-	-	27,742	-	(27,742)	-
Secured Schools Safety Grant	(38,984)	50,000	61,016	-	(50,000)	50,000	-	-	-
School Technology	126,671	91,023	44,347	-	173,347	41,372	185,093	16,442	46,068
High Ability 14-15	-	35,646	35,459	-	187	-	187	-	-
High Ability 15-16	-	-	-	-	-	36,471	36,471	-	-
ALG Valic Grant 2013	(629)	600	(29)	-	-	-	-	-	-
Del-Com Foundation 2013 Teacher Grant	1,292	-	905	-	387	-	387	-	-
Vectren Grant EES	940	-	535	-	405	-	234	-	171
Bell Grant Addison/Taylor 2014	262	-	262	-	-	-	-	-	-
Del Com Foundation Grant 2014	14,232	633	12,720	-	2,145	-	2,145	-	-
Eaton Elem PTO Grant 14	1,050	-	1,050	-	-	-	-	-	-
Hope 2 Liberia-Security	1,000	-	1,000	-	-	-	-	-	-
Teamwork for Quality Living	-	1,600	565	-	1,035	1,165	1,231	-	969
Bell Grant Christy Bilby	-	317	317	-	-	-	-	-	-

DELAWARE COMMUNITY SCHOOL CORPORATION  
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
Bell Grant Hottinger & Johnson	-	442	442	-	-	-	-	-	-
Bell Grant Lance Brand	-	399	399	-	-	-	-	-	-
Energy Safe Kids Grant EES	-	100	100	-	-	-	-	-	-
Del-Com Foundation Grant 14-15	-	15,241	9,294	-	5,947	-	4,467	-	1,480
Barton Coe Villama	-	132	132	-	-	68	68	-	-
ALG Valic Retirement Breakfast	-	300	-	-	300	900	616	-	584
Chick-Fil-A Grant Ervin	-	1,500	1,341	-	159	-	-	-	159
2015 Bell Grant Lance Brand	-	448	-	-	448	-	448	-	-
2016 Bell Grant Jennifer Kile	-	-	-	-	-	404	404	-	-
2017 Bell Grant Christy Bilby	-	-	-	-	-	378	378	-	-
Team Nutriton Grant 15-16	-	-	-	-	-	1,500	1,110	-	390
Innovative Planning Grant 15-16	-	-	-	-	-	-	16,090	-	(16,090)
Vectren Survey Grant 15-16 EES	-	-	-	-	-	100	100	-	-
Del-Com Foundation Grant 15-16	-	-	-	-	-	23,526	22,034	-	1,492
Bell Grant Amanda Lewis 2016	-	-	-	-	-	275	255	-	20
Title I 13-14	(21,076)	74,093	53,017	-	-	-	-	-	-
Title I 14-15	-	152,451	191,365	-	(38,914)	94,234	55,320	-	-
Title I 15-16	-	-	-	-	-	173,586	190,149	-	(16,563)
101-476 13-14	(47,103)	150,485	103,382	-	-	-	-	-	-
Sp ED TA Grant	-	6,032	6,032	-	-	-	-	-	-
101-4786 14-15	-	386,652	434,064	-	(47,412)	196,266	148,854	-	-
101-476 15-16	-	-	-	-	-	358,752	461,928	-	(103,176)
Title II Part A 12-13	(2,199)	2,756	557	-	-	-	-	-	-
Title II Part A 13-15	(3,284)	45,844	42,560	-	-	39	39	-	-
Title II Part A 14-16	-	56,442	71,245	-	(14,803)	16,122	1,319	-	-
Title II Part A 15-17	-	-	-	-	-	38,349	47,772	-	(9,423)
Prepaid Meals	-	-	-	-	-	547,481	533,425	-	14,056
Payroll Withholding	124,139	4,385,406	4,382,275	-	127,270	4,426,069	4,418,850	-	134,489
Totals	<u>\$ 10,590,598</u>	<u>\$ 28,504,118</u>	<u>\$ 28,770,742</u>	<u>\$ 312</u>	<u>\$ 10,324,286</u>	<u>\$ 29,654,712</u>	<u>\$ 29,674,711</u>	<u>\$ 1,362,270</u>	<u>\$ 11,666,557</u>

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

DELAWARE COMMUNITY SCHOOL CORPORATION  
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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
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.

*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.

*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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*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

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

**Note 8. Holding Corporation**

The School Corporation had entered into a capital lease with Delta-Eaton 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 had been determined to be a related-party of the School Corporation. Lease payments during the year 2015 totaled \$1,578,500, which paid off the lease in full.

**Note 9. Other Postemployment Benefits**

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

#### 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 Indiana Gateway for Government Units 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.

(This page intentionally left blank.)

DELAWARE COMMUNITY SCHOOL CORPORATION  
 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,986,286	\$ 1,227,445	\$ 229,832	\$ 1,130,348	\$ 1,132,351	\$ 577,824	\$ 833,330	\$ -	\$ 740,773	\$ 424,605
Receipts:										
Local sources	146,219	1,352,970	432,694	1,832,937	1,479,645	434,031	-	-	546,924	187,473
Intermediate sources	244	-	-	-	-	-	-	-	-	-
State sources	15,691,324	-	-	-	-	-	-	-	14,155	79,649
Federal sources	-	-	-	-	-	-	-	-	627,461	-
Other receipts	1,847	-	-	12,723	-	-	-	-	1,514	1,761
Total receipts	15,839,634	1,352,970	432,694	1,845,660	1,479,645	434,031	-	-	1,190,054	268,883
Disbursements:										
Instruction	10,399,414	-	-	-	-	-	-	-	-	-
Support services	4,966,483	-	-	766,422	1,389,582	176,326	-	-	2,342	308,133
Noninstructional services	296,523	-	-	-	-	-	-	-	1,049,662	-
Facilities acquisition and construction	135,399	-	-	963,980	-	-	206,855	-	68,982	-
Debt service	-	1,930,587	424,506	-	-	-	-	-	-	4,042
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	15,797,819	1,930,587	424,506	1,730,402	1,389,582	176,326	206,855	-	1,120,986	312,175
Excess (deficiency) of receipts over disbursements	41,815	(577,617)	8,188	115,258	90,063	257,705	(206,855)	-	69,068	(43,292)
Other financing sources (uses):										
Sale of capital assets	-	-	-	312	-	-	-	-	-	-
Transfers in	124,082	-	-	-	-	-	200,000	-	-	29,453
Transfers out	-	(153,535)	-	-	(200,000)	-	-	-	-	-
Total other financing sources (uses)	124,082	(153,535)	-	312	(200,000)	-	200,000	-	-	29,453
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	165,897	(731,152)	8,188	115,570	(109,937)	257,705	(6,855)	-	69,068	(13,839)
Cash and investments - ending	\$ 4,152,183	\$ 496,293	\$ 238,020	\$ 1,245,918	\$ 1,022,414	\$ 835,529	\$ 826,475	\$ -	\$ 809,841	\$ 410,766

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

	Levy Excess	Child Care Program	Educational License Plates	Alternative Ed Grant 13-14	Alternative Ed Grant 14-15	Alternative Ed Grant 15-16	SAFE School Haven 14-15	SAFE School Haven 15-16	NCISIC Wellness Grant 12-13	NCISIC Wellness Grant 13-14
Cash and investments - beginning	\$ -	\$ 90,650	\$ 3,831	\$ 4,703	\$ -	\$ -	\$ -	\$ -	\$ 26,441	\$ 24,747
Receipts:										
Local sources	83	49,059	-	-	-	-	-	-	-	-
Intermediate sources	-	-	413	-	-	-	-	-	-	-
State sources	-	139,612	-	-	6,499	-	6,116	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	223	-	-	-	-	-	-	-	-
Total receipts	83	188,894	413	-	6,499	-	6,116	-	-	-
Disbursements:										
Instruction	-	-	-	4,703	6,499	-	-	-	-	-
Support services	-	400	-	-	-	-	7,000	-	-	-
Noninstructional services	-	188,236	-	-	-	-	-	-	17,015	-
Facilities acquisition and construction	-	1,149	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,150	-	-	-	-	-	-	-
Total disbursements	-	189,785	2,150	4,703	6,499	-	7,000	-	17,015	-
Excess (deficiency) of receipts over disbursements	83	(891)	(1,737)	(4,703)	-	-	(884)	-	(17,015)	-
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	83	(891)	(1,737)	(4,703)	-	-	(884)	-	(17,015)	-
Cash and investments - ending	\$ 83	\$ 89,759	\$ 2,094	\$ -	\$ -	\$ -	\$ (884)	\$ -	\$ 9,426	\$ 24,747

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

	Delcom Memorial Scholarship	Formative Assessment	Secured Schools Safety Grant	School Technology	High Ability 14-15	High Ability 15-16	AIG Valic Grant 2013	Del-Com Foundation 2013 Teacher Grant	Vectren Grant EES
Cash and investments - beginning	\$ 1,121	\$ -	\$ (38,984)	\$ 126,671	\$ -	\$ -	\$ (629)	\$ 1,292	\$ 940
Receipts:									
Local sources	-	-	-	84,222	-	-	600	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	50,000	6,801	35,646	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	50,000	91,023	35,646	-	600	-	-
Disbursements:									
Instruction	-	-	-	-	35,459	-	(29)	905	535
Support services	-	-	61,016	25,899	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	18,448	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	61,016	44,347	35,459	-	(29)	905	535
Excess (deficiency) of receipts over disbursements	-	-	(11,016)	46,676	187	-	629	(905)	(535)
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	-	-	(11,016)	46,676	187	-	629	(905)	(535)
Cash and investments - ending	\$ 1,121	\$ -	\$ (50,000)	\$ 173,347	\$ 187	\$ -	\$ -	\$ 387	\$ 405

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

	Bell Grant Addison/ Taylor 2014	Del Com Foundation Grant 2014	Eaton Elem PTO Grant 14	Hope 2 Liberia- Security	Teamwork for Quality Living	Bell Grant Christy Bilby	Bell Grant Hottinger & Johnson	Bell Grant Lance Brand	Energy Safe Kids Grant EES
Cash and investments - beginning	\$ 262	\$ 14,232	\$ 1,050	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	633	-	-	1,600	317	442	399	100
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	633	-	-	1,600	317	442	399	100
Disbursements:									
Instruction	262	12,720	1,050	-	-	317	442	399	100
Support services	-	-	-	1,000	565	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	262	12,720	1,050	1,000	565	317	442	399	100
Excess (deficiency) of receipts over disbursements	(262)	(12,087)	(1,050)	(1,000)	1,035	-	-	-	-
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	(262)	(12,087)	(1,050)	(1,000)	1,035	-	-	-	-
Cash and investments - ending	\$ -	\$ 2,145	\$ -	\$ -	\$ 1,035	\$ -	\$ -	\$ -	\$ -

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

	Del-Com Foundation Grant 14-15	Barton Coe Villama	AIG Valic Retirement Breakfast	Chick-Fil-A Grant Ervin	2015 Bell Grant Lance Brand	2016 Bell Grant Jennifer Kile	2017 Bell Grant Christy Bilby	Team Nutrition Grant 15-16	Innovative Planning Grant 15-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	15,241	132	300	1,500	448	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	15,241	132	300	1,500	448	-	-	-	-
Disbursements:									
Instruction	9,294	-	-	-	-	-	-	-	-
Support services	-	132	-	-	-	-	-	-	-
Noninstructional services	-	-	-	1,341	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,294	132	-	1,341	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	5,947	-	300	159	448	-	-	-	-
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	5,947	-	300	159	448	-	-	-	-
Cash and investments - ending	\$ 5,947	\$ -	\$ 300	\$ 159	\$ 448	\$ -	\$ -	\$ -	\$ -

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

	Vectren Survey Grant 15-16 EES	Del-Com Foundation Grant 15-16	Bell Grant Amanda Lewis 2016	Title I 13-14	Title I 14-15	Title I 15-16	101- 476 13-14	Sp ED TA Grant	101- 4786 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (21,076)	\$ -	\$ -	\$ (47,103)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	74,093	152,451	-	150,485	6,032	386,652
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	74,093	152,451	-	150,485	6,032	386,652
Disbursements:									
Instruction	-	-	-	53,017	191,365	-	103,382	6,032	434,064
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	53,017	191,365	-	103,382	6,032	434,064
Excess (deficiency) of receipts over disbursements	-	-	-	21,076	(38,914)	-	47,103	-	(47,412)
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	-	-	-	21,076	(38,914)	-	47,103	-	(47,412)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (38,914)	\$ -	\$ -	\$ -	\$ (47,412)

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

	101- 476 15-16	Title II Part A 12-13	Title II Part A 13-15	Title II Part A 14-16	Title II Part A 15-17	Prepaid Meals	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ (2,199)	\$ (3,284)	\$ -	\$ -	\$ -	\$ 124,139	\$ 10,590,598
Receipts:								
Local sources	-	-	-	-	-	-	-	6,567,969
Intermediate sources	-	-	-	-	-	-	-	657
State sources	-	-	-	-	-	-	-	16,029,802
Federal sources	-	2,756	45,844	56,442	-	-	-	1,502,216
Other receipts	-	-	-	-	-	-	4,385,406	4,403,474
Total receipts	-	2,756	45,844	56,442	-	-	4,385,406	28,504,118
Disbursements:								
Instruction	-	-	36,710	42,775	-	-	-	11,339,415
Support services	-	557	5,850	28,470	-	-	-	7,740,177
Noninstructional services	-	-	-	-	-	-	-	1,552,777
Facilities acquisition and construction	-	-	-	-	-	-	-	1,394,813
Debt service	-	-	-	-	-	-	-	2,359,135
Nonprogrammed charges	-	-	-	-	-	-	4,382,275	4,384,425
Total disbursements	-	557	42,560	71,245	-	-	4,382,275	28,770,742
Excess (deficiency) of receipts over disbursements	-	2,199	3,284	(14,803)	-	-	3,131	(266,624)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	312
Transfers in	-	-	-	-	-	-	-	353,535
Transfers out	-	-	-	-	-	-	-	(353,535)
Total other financing sources (uses)	-	-	-	-	-	-	-	312
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,199	3,284	(14,803)	-	-	3,131	(266,312)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (14,803)	\$ -	\$ -	\$ 127,270	\$ 10,324,286

DELAWARE COMMUNITY SCHOOL CORPORATION  
 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 4,152,183	\$ 496,293	\$ 238,020	\$ 1,245,918	\$ 1,022,414	\$ 835,529	\$ 826,475	\$ -	\$ 809,841	\$ 410,766
Receipts:										
Local sources	120,683	1,723,387	404,763	1,847,210	1,435,735	441,496	-	-	557,878	181,779
Intermediate sources	243	-	-	-	-	-	-	-	-	-
State sources	15,936,008	-	-	824	-	-	-	-	13,553	78,456
Federal sources	-	-	-	-	-	-	-	-	649,236	-
Other receipts	-	-	-	1,580	15,382	-	-	-	1,458	879
Total receipts	16,056,934	1,723,387	404,763	1,849,614	1,451,117	441,496	-	-	1,222,125	261,114
Disbursements:										
Instruction	10,511,057	-	-	-	-	-	-	-	-	-
Support services	5,129,269	-	-	939,778	1,171,671	856,771	-	-	1,272	184,640
Noninstructional services	336,723	-	-	-	-	-	-	-	1,111,425	-
Facilities acquisition and construction	-	-	-	1,082,012	-	-	39,911	117,067	19,739	-
Debt service	-	1,198,918	617,026	-	-	-	-	-	-	3,683
Nonprogrammed charges	-	-	-	-	-	-	-	-	14,004	-
Total disbursements	15,977,049	1,198,918	617,026	2,021,790	1,171,671	856,771	39,911	117,067	1,146,440	188,323
Excess (deficiency) of receipts over disbursements	79,885	524,469	(212,263)	(172,176)	279,446	(415,275)	(39,911)	(117,067)	75,685	72,791
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	1,357,000	-	-
Sale of capital assets	920	-	-	402	153	3,795	-	-	-	-
Transfers in	89,323	-	-	-	83	-	200,000	-	-	-
Transfers out	(16,442)	(61,581)	-	-	(200,000)	-	-	-	-	-
Total other financing sources (uses)	73,801	(61,581)	-	402	(199,764)	3,795	200,000	1,357,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	153,686	462,888	(212,263)	(171,774)	79,682	(411,480)	160,089	1,239,933	75,685	72,791
Cash and investments - ending	\$ 4,305,869	\$ 959,181	\$ 25,757	\$ 1,074,144	\$ 1,102,096	\$ 424,049	\$ 986,564	\$ 1,239,933	\$ 885,526	\$ 483,557

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

	Levy Excess	Child Care Program	Educational License Plates	Alternative Ed Grant 13-14	Alternative Ed Grant 14-15	Alternative Ed Grant 15-16	SAFE School Haven 14-15	SAFE School Haven 15-16	NCISIC Wellness Grant 12-13	NCISIC Wellness Grant 13-14
Cash and investments - beginning	\$ 83	\$ 89,759	\$ 2,094	\$ -	\$ -	\$ -	\$ (884)	\$ -	\$ 9,426	\$ 24,747
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	131	-	-	-	-	-	-	-
State sources	-	193,912	-	-	-	7,236	884	7,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	200	-	-	-	-	-	-	-	-
Total receipts	-	194,112	131	-	-	7,236	884	7,000	-	-
Disbursements:										
Instruction	-	-	-	-	-	7,236	-	-	-	-
Support services	-	200	-	-	-	-	-	7,000	-	-
Noninstructional services	-	184,094	-	-	-	-	-	-	5,578	4,038
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,225	-	-	-	-	-	-	-
Total disbursements	-	184,294	2,225	-	-	7,236	-	7,000	5,578	4,038
Excess (deficiency) of receipts over disbursements	-	9,818	(2,094)	-	-	-	884	-	(5,578)	(4,038)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(83)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(83)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(83)	9,818	(2,094)	-	-	-	884	-	(5,578)	(4,038)
Cash and investments - ending	\$ -	\$ 99,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,848	\$ 20,709

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

	Delcom Memorial Scholarship	Formative Assessment	Secured Schools Safety Grant	School Technology	High Ability 14-15	High Ability 15-16	AIG Valic Grant 2013	Del-Com Foundation 2013 Teacher Grant	Vectren Grant EES
Cash and investments - beginning	\$ 1,121	\$ -	\$ (50,000)	\$ 173,347	\$ 187	\$ -	\$ -	\$ 387	\$ 405
Receipts:									
Local sources	-	-	-	40,024	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	27,742	50,000	1,348	-	36,471	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	27,742	50,000	41,372	-	36,471	-	-	-
Disbursements:									
Instruction	-	-	-	-	187	36,471	-	-	234
Support services	-	-	-	19,879	-	-	-	387	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	165,214	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	185,093	187	36,471	-	387	234
Excess (deficiency) of receipts over disbursements	-	27,742	50,000	(143,721)	(187)	-	-	(387)	(234)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	16,442	-	-	-	-	-
Transfers out	-	(27,742)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(27,742)	-	16,442	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	50,000	(127,279)	(187)	-	-	(387)	(234)
Cash and investments - ending	\$ 1,121	\$ -	\$ -	\$ 46,068	\$ -	\$ -	\$ -	\$ -	\$ 171

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

	Bell Grant Addison/ Taylor 2014	Del Com Foundation Grant 2014	Eaton Elem PTO Grant 14	Hope 2 Liberia- Security	Teamwork for Quality Living	Bell Grant Christy Bilby	Bell Grant Hottinger & Johnson	Bell Grant Lance Brand	Energy Safe Kids Grant EES
Cash and investments - beginning	\$ -	\$ 2,145	\$ -	\$ -	\$ 1,035	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	1,165	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	1,165	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	2,145	-	-	1,231	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,145	-	-	1,231	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(2,145)	-	-	(66)	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	(2,145)	-	-	(66)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ -	\$ -	\$ -	\$ -

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

	Del-Com Foundation Grant 14-15	Barton Coe Villama	AIG Valic Retirement Breakfast	Chick-Fil-A Grant Ervin	2015 Bell Grant Lance Brand	2016 Bell Grant Jennifer Kile	2017 Bell Grant Christy Bilby	Team Nutrition Grant 15-16	Innovative Planning Grant 15-16
Cash and investments - beginning	\$ 5,947	\$ -	\$ 300	\$ 159	\$ 448	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	68	900	-	-	404	378	1,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	68	900	-	-	404	378	1,500	-
Disbursements:									
Instruction	4,467	-	-	-	448	404	378	1,110	-
Support services	-	68	616	-	-	-	-	-	16,090
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,467	68	616	-	448	404	378	1,110	16,090
Excess (deficiency) of receipts over disbursements	(4,467)	-	284	-	(448)	-	-	390	(16,090)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	(4,467)	-	284	-	(448)	-	-	390	(16,090)
Cash and investments - ending	\$ 1,480	\$ -	\$ 584	\$ 159	\$ -	\$ -	\$ -	\$ 390	\$ (16,090)

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

	Vectren Survey Grant 15-16 EES	Del-Com Foundation Grant 15-16	Bell Grant Amanda Lewis 2016	Title I 13-14	Title I 14-15	Title I 15-16	101- 476 13-14	Sp ED TA Grant	101- 4786 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (38,914)	\$ -	\$ -	\$ -	\$ (47,412)
Receipts:									
Local sources	100	23,526	275	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	94,234	173,586	-	-	196,266
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	100	23,526	275	-	94,234	173,586	-	-	196,266
Disbursements:									
Instruction	100	22,034	255	-	55,320	190,149	-	-	148,854
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	100	22,034	255	-	55,320	190,149	-	-	148,854
Excess (deficiency) of receipts over disbursements	-	1,492	20	-	38,914	(16,563)	-	-	47,412
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	1,492	20	-	38,914	(16,563)	-	-	47,412
Cash and investments - ending	\$ -	\$ 1,492	\$ 20	\$ -	\$ -	\$ (16,563)	\$ -	\$ -	\$ -

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

	101- 476 15-16	Title II Part A 12-13	Title II Part A 13-15	Title II Part A 14-16	Title II Part A 15-17	Prepaid Meals	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (14,803)	\$ -	\$ -	\$ 127,270	\$ 10,324,286
Receipts:								
Local sources	-	-	-	-	-	-	-	6,781,271
Intermediate sources	-	-	-	-	-	-	-	374
State sources	-	-	-	-	-	-	-	16,353,434
Federal sources	358,752	-	39	16,122	38,349	-	-	1,526,584
Other receipts	-	-	-	-	-	547,481	4,426,069	4,993,049
Total receipts	<u>358,752</u>	<u>-</u>	<u>39</u>	<u>16,122</u>	<u>38,349</u>	<u>547,481</u>	<u>4,426,069</u>	<u>29,654,712</u>
Disbursements:								
Instruction	461,928	-	39	547	17,204	-	-	11,458,422
Support services	-	-	-	772	30,568	-	-	8,362,357
Noninstructional services	-	-	-	-	-	-	-	1,641,858
Facilities acquisition and construction	-	-	-	-	-	-	-	1,423,943
Debt service	-	-	-	-	-	-	-	1,819,627
Nonprogrammed charges	-	-	-	-	-	533,425	4,418,850	4,968,504
Total disbursements	<u>461,928</u>	<u>-</u>	<u>39</u>	<u>1,319</u>	<u>47,772</u>	<u>533,425</u>	<u>4,418,850</u>	<u>29,674,711</u>
Excess (deficiency) of receipts over disbursements	<u>(103,176)</u>	<u>-</u>	<u>-</u>	<u>14,803</u>	<u>(9,423)</u>	<u>14,056</u>	<u>7,219</u>	<u>(19,999)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,357,000
Sale of capital assets	-	-	-	-	-	-	-	5,270
Transfers in	-	-	-	-	-	-	-	305,848
Transfers out	-	-	-	-	-	-	-	(305,848)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,362,270</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(103,176)</u>	<u>-</u>	<u>-</u>	<u>14,803</u>	<u>(9,423)</u>	<u>14,056</u>	<u>7,219</u>	<u>1,342,271</u>
Cash and investments - ending	<u>\$ (103,176)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,423)</u>	<u>\$ 14,056</u>	<u>\$ 134,489</u>	<u>\$ 11,666,557</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 155,561</u>	<u>\$ 77,574</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Energy Solutions by JMS LLC	Solar Parking Lot Lights	\$ 7,885	6/21/2011	6/30/2020
MailFinance	Postage Machine DHS	951	2/1/2012	5/1/2017
MailFinance	Postage Machine DMS	951	2/1/2012	5/1/2017
MailFinance	Postage Machine CO	1,832	2/1/2012	5/1/2017
Ricoh	Copier 1024684 A1	1,896	9/25/2014	9/25/2019
Ricoh	Copier 1024684 ML	<u>53,733</u>	9/25/2014	9/25/2019
Total governmental activities		<u>67,248</u>		
Total of annual lease payments		<u>\$ 67,248</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Severance Buyout	\$ 2,797,634	\$ 191,244
Notes and loans payable	DHS and Royerton 2015 Bond Issue	3,420,000	250,626
Notes and loans payable	Delta Middle School Renovation	434,902	221,610
Notes and loans payable	Albany Royerton and Delta High School Renovation 2010	<u>5,090,000</u>	<u>1,629,500</u>
Total governmental activities		<u>11,742,536</u>	<u>2,292,980</u>
Totals		<u>\$ 11,742,536</u>	<u>\$ 2,292,980</u>

DELAWARE COMMUNITY SCHOOL CORPORATION  
 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 179,500
Infrastructure	4,562
Buildings	89,512,498
Improvements other than buildings	1,175,395
Machinery, equipment, and vehicles	10,599,118
Construction in progress	<u>114,524</u>
Total governmental activities	<u>101,585,597</u>
Total capital assets	<u>\$ 101,585,597</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Delaware Community School Corporation'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.

***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.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002. 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**

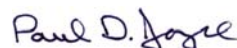
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 item 2016-002 to be a material weakness.

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 the OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 29, 2018

(This page intentionally left blank.)

#### 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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
 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					
School Breakfast Program			FY15	\$ -	\$ 101,907	\$ -	\$ -
School Breakfast Program			FY16	-	-	-	112,304
Total - School Breakfast Program				-	101,907	-	112,304
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY15 / FY16	-	500,685	-	511,080
Commodities			FY15 / FY16	-	82,705	-	81,656
Total - National School Lunch Program				-	583,390	-	592,736
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY15	-	24,868	-	-
Summer Food Service Program for Children			FY16	-	-	-	25,852
Total - Summer Food Service Program for Children				-	24,868	-	25,852
Total - Child Nutrition Cluster				-	710,165	-	730,892
Total - Department of Agriculture				-	710,165	-	730,892
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
101-476 13-14			14214-010-PN01	-	150,485	-	-
Sp Ed TA Grant			99914-10-TA01	-	6,032	-	-
101-476 15-16			14216-010-PN01	-	-	-	358,752
101-476 14-15			14215-010-PN01	-	386,652	-	196,266
Total - Special Education_Grants to States				-	543,169	-	555,018

DELAWARE COMMUNITY SCHOOL CORPORATION  
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
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45714-010-PN01	-	4,730	-	-
			45715-010-PN01	-	12,309	-	7,404
			45716-010-PN01	-	-	-	13,140
Total - Special Education_Preschool Grants				-	17,039	-	20,544
Total - Special Education Cluster (IDEA)				-	560,208	-	575,562
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 13-14			14-1875	-	74,093	-	-
Title I 14-15			15-1875	-	152,451	-	94,234
Title I 15-16			16-1875	-	-	-	173,586
Total - Title I Grants to Local Educational Agencies				-	226,544	-	267,820
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II Part A 12-13			12-1875	-	2,756	-	-
Title II Part A 13-15			13-1875	-	45,845	-	39
Title II Part A 14-16			14-1875	-	56,442	-	16,122
TitleII Part A 15-17			15-1875	-	-	-	38,349
Total - Improving Teacher Quality State Grants				-	105,043	-	54,510
Total - Department of Education				-	891,795	-	897,892
Total federal awards expended				\$ -	\$ 1,601,960	\$ -	\$ 1,628,784

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

DELAWARE COMMUNITY SCHOOL CORPORATION  
NOTESTO 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.

DELAWARE COMMUNITY SCHOOL CORPORATION  
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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediate prior report. The prior audit finding number was 2014-001.

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

*Condition*

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's SEFA. One employee prepared the federal award information entered into the Gateway without a control process in place to ensure its accuracy before submission.

*Context*

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program (NSLP) commodities were understated by \$82,705 in fiscal year 2015 and by \$81,656 in fiscal year 2016.
2. Special Education - Preschool Grants (IDEA Preschool) were not reported, resulting in an understatement of \$17,039 in fiscal year 2015 and \$20,544 in fiscal year 2016.
3. Information such as program title, pass-through entity, and pass-through identifying number were either incorrectly reported or omitted for several 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 § .310. . . ."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (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."

*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, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the preparation of the SEFA.

*Views of Responsible Officials*

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

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-002**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles - Time and Effort Reporting  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States  
CFDA Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 14214-010-PN01, 14215-010-PN01,  
14216-010-PN01, 99914-10-TA01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation did not complete the Semi-Annual Certification for the period July 1, 2015 to December 31, 2015.

*Context*

The lack of controls and failure to maintain Semi-Annual Certifications were isolated to the period July 1, 2015 to December 31, 2015.

*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. . . ."

OMB Circular A-87, Attachment B, section 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 of the School Corporation had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. A lack of segregation of duties within an internal control system resulted in noncompliance and could have allowed the potential misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*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 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.

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

OFFICE OF SUPERINTENDENT  
**DELAWARE COMMUNITY SCHOOL CORPORATION**  
9750 N CR 200 E  
Muncie, IN 47303  
Phone: 765-284-5074  
Fax: 765-284-5259

**Board of Education**

John Adams - President  
Alice Gillis - Vice President  
Adam Williams - Secretary  
Trent Fox - Member  
Greg Prince - Member

Reece A. Mann - Superintendent  
Dr. Darin K. Gullion - Assistant Superintendent

Delaware Community School Corporation  
Summary Schedule of Prior Audit Findings

Finding 2016-001-Preparation of the Schedule of Expenditures of Federal Awards

Date of Response: February 28, 2018

Fiscal year in which the finding initially occurred: Audit July 1, 2012 to June 30, 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
National School Lunch Program  
Indiana Department of Education

Contact Person Responsible for Corrective Action: Dr. Darin K. Gullion

Contract Phone Number: 765-284-5074

**Cause:**

Although corrective actions had been establish they were ineffective in preventing understatement/overstatement of the National School Lunch Commodities.

**Status of Audit Finding:**

Internal control policies have been implemented and will continually be updated. The prior year SEFA will be reviewed for additions and deletions. Grant folders and the fund report will be reviewed to insure all Federal funds have been included. All amounts related to National School Lunch program and commodities will be verified with the Food Service Director. The Assistant Superintendent will review after the Treasurer has completed the SEFA.

OFFICE OF SUPERINTENDENT  
**DELAWARE COMMUNITY SCHOOL CORPORATION**  
9750 N CR 200 E  
Muncie, IN 47303  
Phone: 765-284-5074  
Fax: 765-284-5259

**Board of Education**

John Adams - President  
Alice Gillis - Vice President  
Adam Williams - Secretary  
Trent Fox - Member  
Greg Prince - Member

Reece A. Mann - Superintendent  
Dr. Darin K. Gullion - Assistant Superintendent

Delaware Community School Corporation  
Corrective Action Plan

Finding 2016-001-  
Date of Response: February 28, 2018

Contact Person Responsible for Corrective Action: Dr. Darin K. Gullion

Contract Phone Number: 765-284-5074

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:  
The School Corporation has implemented Internal Controls which will address the Preparation of the Schedule of Expenditures of Federal Funds.

Anticipated Completion Date: 08/31/2018

OFFICE OF SUPERINTENDENT  
**DELAWARE COMMUNITY SCHOOL CORPORATION**  
9750 N CR 200 E  
Muncie, IN 47303  
Phone: 765-284-5074  
Fax: 765-284-5259

**Board of Education**

John Adams - President  
Alice Gillis - Vice President  
Adam Williams - Secretary  
Trent Fox - Member  
Greg Prince - Member

Reece A. Mann - Superintendent  
Dr. Darin K. Gullion - Assistant Superintendent

Delaware Community School Corporation  
Corrective Action Plan

Finding 2016-002

Date of Response: February 28, 2018

Contact Person Responsible for Corrective Action: Dr. Darin K. Gullion

Contract Phone Number: 765-284-5074

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will create a schedule for Time and Effort Reporting. This scheduled with be monitored by both the Treasurer and the Assistant Superintendent. The Treasurer will provide the Assistant Superintendent a signed copy of all Time and Effort Reports.

Anticipated Completion Date: 6/30/2018

## 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/>.