

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DECATUR COUNTY COMMUNITY SCHOOLS
DECATUR COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
12/28/2018

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	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-37
Schedule of Payables and Receivables	38
Schedule of Leases and Debt	39
Schedule of Capital Assets.....	40
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46-47
Notes to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49-62
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	64-66
Corrective Action Plan	67-69
Other Reports.....	70

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-14 to 06-30-19
Superintendent of Schools	Johnny D. Budd Dr. S. Jarrod Burns	07-01-14 to 06-30-17 07-01-17 to 06-30-21
President of the School Board	Matthew J. Hoeing Todd Mauer	01-01-14 to 12-31-15 01-01-16 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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Decatur County Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 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

November 13, 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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Decatur County Community School (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 November 13, 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 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.

Decatur County Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

November 13, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 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	\$ 4,667,284	\$ 13,611,233	\$ 13,555,646	\$ (261,000)	\$ 4,461,871	\$ 13,279,343	\$ 14,020,151	\$ (14,501)	\$ 3,706,562
Debt Service	990,143	1,566,062	1,143,729	(22,626)	1,389,850	1,550,282	1,314,246	(39,578)	1,586,308
Retirement/Severance Bond Debt Service	171,578	237,943	239,100	-	170,421	224,340	242,371	1	152,391
Capital Projects	2,083,063	2,065,361	1,932,541	-	2,215,883	1,881,547	2,118,322	-	1,979,108
School Transportation	122,341	1,367,288	1,286,346	-	203,283	1,407,927	1,264,282	-	346,928
School Bus Replacement	274,883	71,427	48,900	-	297,410	52,740	88,705	-	261,445
Rainy Day	1,100,000	-	-	-	1,100,000	41,963	-	-	1,141,963
Post-Retirement/Severance Future Benefits	-	-	-	261,000	261,000	-	-	14,500	275,500
Construction	12,381	-	-	-	12,381	-	-	-	12,381
NDHS Field House Construction	-	30,000	-	-	30,000	-	30,000	-	-
SDHS Field House Construction	-	30,000	-	-	30,000	-	30,000	-	-
School Lunch	412,881	1,217,300	1,342,092	-	288,089	1,258,240	1,188,631	-	357,698
Textbook Rental	220,180	275,860	95,853	22,626	422,813	295,634	541,555	39,578	216,470
Self-Insurance	846,160	2,060,284	2,084,748	-	821,696	2,374,931	2,517,740	-	678,887
Levy Excess	-	923	-	-	923	62	-	-	985
Educational License Plates	25,547	3,163	-	-	28,710	113	-	-	28,823
Alternative Education	5,708	3,042	-	-	8,750	4,956	-	-	13,706
School Library Printed Material	31	-	-	-	31	-	-	-	31
SAFE School Haven	149	-	-	-	149	-	-	-	149
Anti Bullying Program	(77)	-	-	-	(77)	-	-	-	(77)
Scholarships and Awards	23,266	-	-	-	23,266	-	-	-	23,266
Nobbe Brown Conover Scholarship	40,220	5,250	6,000	-	39,470	6,000	6,000	-	39,470
Keisha Boyce Memorial Scholarship	1,000	-	-	-	1,000	-	-	-	1,000
FEWSIC Grant	784	-	-	-	784	-	-	-	784
PLTW Award	1	-	-	-	1	-	-	-	1
Miscellaneous Programs	32	-	-	-	32	-	-	-	32
Indiana Next Leadership	96	-	-	-	96	-	-	-	96
Rachel's Challenge	-	-	-	-	-	7,980	7,248	-	732
Thank A Teacher Grant	(5,459)	7,735	2,597	-	(321)	3,934	2,365	-	1,248
Health Science Education Pro	-	-	-	-	-	15,000	15,094	-	(94)
United Fund Decatur County Grant	(106)	-	-	-	(106)	3,012	3,012	-	(106)
Decatur Co Soil & Water SDES Lab	255	-	-	-	255	-	-	-	255
Duke Energy Summer Reading Pro	-	16,350	1,284	-	15,066	-	14,594	-	472
Duke Energy Literacy Grant 2016	-	-	-	-	-	-	685	-	(685)
High Ability 2013-2014	1,914	-	1,914	-	-	-	-	-	-
High Ability 2014-2015	-	32,756	29,756	-	3,000	-	3,000	-	-
High Ability 2015-2016	-	-	-	-	-	34,315	32,943	-	1,372
Medicaid Reimbursement	1,549	-	-	-	1,549	-	-	-	1,549

DECATUR COUNTY COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 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
Secured Schools Safety Grant	(18,038)	32,214	41,579	-	(27,403)	17,786	52,884	-	(62,501)
Non-English Speaking Programs	890	-	-	-	890	-	200	-	690
School Technology	-	5,061	-	-	5,061	6,564	-	-	11,625
iPad Insurance Fund	16,283	17,387	12,435	-	21,235	30,156	11,707	-	39,684
Technology Grants [IC 20-40-15]	-	-	29,967	-	(29,967)	70,005	44,855	-	(4,817)
Performance Based Awards	1,917	2,402	-	-	4,319	-	-	-	4,319
PLTW Gateway Cummins Grant	-	-	2,201	-	(2,201)	-	-	-	(2,201)
Excess PTRC Distributions	39,690	-	-	-	39,690	-	-	-	39,690
Title I 2013-2014	(271,921)	256,622	(15,298)	-	(1)	-	-	-	(1)
Title I 2014-2015	-	234,621	294,443	-	(59,822)	81,070	21,248	-	-
Title I 2015-2016	-	-	-	-	-	246,586	309,544	-	(62,958)
IDEA Grant 2012-2013	(737)	833	96	-	-	-	-	-	-
IDEA Grant 2013-2014	(37,972)	104,836	67,898	-	(1,034)	19,361	18,328	-	(1)
IDEA Preschool 2013-2014	(2,178)	3,710	1,532	-	-	-	-	-	-
IDEA TA Grant 2013-2014	(4,000)	7,880	4,357	-	(477)	3,498	3,021	-	-
IDEA Grant 2014-2015	-	383,454	436,736	-	(53,282)	104,418	51,136	-	-
IDEA Preschool 2014-2015	-	11,851	15,955	-	(4,104)	6,167	2,063	-	-
IDEA Preschool 2015-2016	-	-	-	-	-	14,603	17,636	-	(3,033)
IDEA Grant 2015-2016	-	-	-	-	-	376,295	441,876	-	(65,581)
Drug Free Schools	17	-	-	-	17	-	-	-	17
PLTW Eco15 Bio Med	(5,259)	3,870	-	-	(1,389)	-	-	-	(1,389)
PLTW Pre-Engineering	(1,120)	-	-	-	(1,120)	-	-	-	(1,120)
PLTW Pre-Engin 2009-2010	471	-	-	-	471	-	-	-	471
Child Care and Development Block Grant	600	-	-	-	600	-	-	-	600
Title II 2013-2014	(51,330)	75,673	25,493	-	(1,150)	-	(1,150)	-	-
Title II 2014-2015	-	-	10,898	-	(10,898)	77,319	66,420	-	1
Title II 2015-2016	-	-	-	-	-	31,146	32,175	-	(1,029)
Title III - English Proficiency Migrant	(201)	-	-	-	(201)	-	(201)	-	-
STEM Grant	-	4,160	4,060	-	100	-	2,795	-	(2,695)
STEM Honda Donation	-	2,625	-	-	2,625	-	-	-	2,625
Payroll Withholdings	265,975	3,258,005	3,275,857	-	248,123	3,442,797	3,398,078	-	292,842
Accounts Payable Electronic Payments	6,685	320,630	323,717	-	3,598	200,224	195,896	-	7,926
Totals	<u>\$ 10,935,576</u>	<u>\$ 27,327,811</u>	<u>\$ 26,302,432</u>	<u>\$ -</u>	<u>\$ 11,960,955</u>	<u>\$ 27,170,314</u>	<u>\$ 28,109,455</u>	<u>\$ -</u>	<u>\$ 11,021,814</u>

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
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 services. 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:

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.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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, 2016.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Decatur Co Community Schools Building Corp (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$1,143,729 and \$1,314,246, respectively.

Note 9. Other Postemployment Benefits

The School Corporation allows eligible retirees and their spouse's on a health insurance benefit plan at the cost of the retiree and their spouse. These benefits pose a liability to the School Corporation for this year and future years. Information regarding the benefits can be obtained by contacting the School Corporation.

DECATUR COUNTY COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Restatement

For the year ended June 30, 2015, a change has been made to one of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2014	Prior Period Adjustment	Balance as of July 1, 2014
Self-Insurance	\$ 590,765	\$ 255,395	\$ 846,160

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 4,667,284	\$ 990,143	\$ 171,578	\$ 2,083,063	\$ 122,341	\$ 274,883	\$ 1,100,000	\$ -
Receipts:								
Local sources	94,084	1,373,835	237,943	2,065,361	1,364,975	27,586	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	13,514,969	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	2,180	192,227	-	-	2,313	43,841	-	-
Total receipts	13,611,233	1,566,062	237,943	2,065,361	1,367,288	71,427	-	-
Disbursements:								
Instruction	9,584,896	-	-	-	-	-	-	-
Support services	3,726,519	-	-	843,164	1,286,346	48,900	-	-
Noninstructional services	244,231	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,089,377	-	-	-	-
Debt service	-	1,143,729	239,100	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	13,555,646	1,143,729	239,100	1,932,541	1,286,346	48,900	-	-
Excess (deficiency) of receipts over disbursements	55,587	422,333	(1,157)	132,820	80,942	22,527	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	261,000
Transfers out	(261,000)	(22,626)	-	-	-	-	-	-
Total other financing sources (uses)	(261,000)	(22,626)	-	-	-	-	-	261,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(205,413)	399,707	(1,157)	132,820	80,942	22,527	-	261,000
Cash and investments - ending	\$ 4,461,871	\$ 1,389,850	\$ 170,421	\$ 2,215,883	\$ 203,283	\$ 297,410	\$ 1,100,000	\$ 261,000

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

	<u>Construction</u>	<u>NDHS Field House Construction</u>	<u>SDHS Field House Construction</u>	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Self- Insurance</u>	<u>Levy Excess</u>	<u>Educational License Plates</u>
Cash and investments - beginning	\$ 12,381	\$ -	\$ -	\$ 412,881	\$ 220,180	\$ 846,160	\$ -	\$ 25,547
Receipts:								
Local sources	-	-	-	578,576	199,224	-	923	-
Intermediate sources	-	-	-	-	-	-	-	3,163
State sources	-	-	-	12,936	76,636	-	-	-
Federal sources	-	-	-	625,788	-	-	-	-
Other receipts	-	30,000	30,000	-	-	2,060,284	-	-
Total receipts	-	30,000	30,000	1,217,300	275,860	2,060,284	923	3,163
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	95,853	2,084,748	-	-
Noninstructional services	-	-	-	1,342,092	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,342,092	95,853	2,084,748	-	-
Excess (deficiency) of receipts over disbursements	-	30,000	30,000	(124,792)	180,007	(24,464)	923	3,163
Other financing sources (uses):								
Transfers in	-	-	-	-	22,626	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	22,626	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	30,000	30,000	(124,792)	202,633	(24,464)	923	3,163
Cash and investments - ending	\$ 12,381	\$ 30,000	\$ 30,000	\$ 288,089	\$ 422,813	\$ 821,696	\$ 923	\$ 28,710

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

	Alternative Education	School Library Printed Material	SAFE School Haven	Anti Bullying Program	Scholarships and Awards	Nobbe Brown Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant
Cash and investments - beginning	\$ 5,708	\$ 31	\$ 149	\$ (77)	\$ 23,266	\$ 40,220	\$ 1,000	\$ 784
Receipts:								
Local sources	-	-	-	-	-	5,250	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,042	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	3,042	-	-	-	-	5,250	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	6,000	-	-
Total disbursements	-	-	-	-	-	6,000	-	-
Excess (deficiency) of receipts over disbursements	3,042	-	-	-	-	(750)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,042	-	-	-	-	(750)	-	-
Cash and investments - ending	\$ 8,750	\$ 31	\$ 149	\$ (77)	\$ 23,266	\$ 39,470	\$ 1,000	\$ 784

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

	PLTW Award	Miscellaneous Programs	Indiana Next Leadership	Rachel's Challenge	Thank A Teacher Grant	Health Science Education Pro	United Fund Decatur County Grant	Decatur Co Soil & Water SDES Lab
Cash and investments - beginning	\$ 1	\$ 32	\$ 96	\$ -	\$ (5,459)	\$ -	\$ (106)	\$ 255
Receipts:								
Local sources	-	-	-	-	7,735	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	7,735	-	-	-
Disbursements:								
Instruction	-	-	-	-	2,597	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	2,597	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	5,138	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	5,138	-	-	-
Cash and investments - ending	\$ 1	\$ 32	\$ 96	\$ -	\$ (321)	\$ -	\$ (106)	\$ 255

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

	Duke Energy Summer Reading Pro	Duke Energy Literacy Grant 2016	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ -	\$ 1,914	\$ -	\$ -	\$ 1,549	\$ (18,038)	\$ 890
Receipts:								
Local sources	16,350	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	32,756	-	-	32,214	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	16,350	-	-	32,756	-	-	32,214	-
Disbursements:								
Instruction	1,284	-	1,914	-	-	-	-	-
Support services	-	-	-	29,756	-	-	41,579	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,284	-	1,914	29,756	-	-	41,579	-
Excess (deficiency) of receipts over disbursements	15,066	-	(1,914)	3,000	-	-	(9,365)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,066	-	(1,914)	3,000	-	-	(9,365)	-
Cash and investments - ending	\$ 15,066	\$ -	\$ -	\$ 3,000	\$ -	\$ 1,549	\$ (27,403)	\$ 890

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

	School Technology	iPad Insurance Fund	Technology Grants [IC 20-40-15]	Performance Based Awards	PLTW Gateway Cummins Grant	Excess PTRC Distributions	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ 16,283	\$ -	\$ 1,917	\$ -	\$ 39,690	\$ (271,921)	\$ -
Receipts:								
Local sources	-	17,387	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,061	-	-	2,402	-	-	-	-
Federal sources	-	-	-	-	-	-	256,622	234,621
Other receipts	-	-	-	-	-	-	-	-
Total receipts	5,061	17,387	-	2,402	-	-	256,622	234,621
Disbursements:								
Instruction	-	12,435	-	-	2,201	-	(45,737)	261,901
Support services	-	-	29,967	-	-	-	30,439	32,286
Noninstructional services	-	-	-	-	-	-	-	256
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	12,435	29,967	-	2,201	-	(15,298)	294,443
Excess (deficiency) of receipts over disbursements	5,061	4,952	(29,967)	2,402	(2,201)	-	271,920	(59,822)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,061	4,952	(29,967)	2,402	(2,201)	-	271,920	(59,822)
Cash and investments - ending	\$ 5,061	\$ 21,235	\$ (29,967)	\$ 4,319	\$ (2,201)	\$ 39,690	\$ (1)	\$ (59,822)

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

	Title I 2015-2016	IDEA Grant 2012-2013	IDEA Grant 2013-2014	IDEA Preschool 2013-2014	IDEA TA Grant 2013-2014	IDEA Grant 2014-2015	IDEA Preschool 2014-2015	IDEA Preschool 2015-2016
Cash and investments - beginning	\$ -	\$ (737)	\$ (37,972)	\$ (2,178)	\$ (4,000)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	833	104,836	3,710	7,880	383,454	11,851	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	833	104,836	3,710	7,880	383,454	11,851	-
Disbursements:								
Instruction	-	96	67,898	1,532	4,357	436,736	15,955	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	96	67,898	1,532	4,357	436,736	15,955	-
Excess (deficiency) of receipts over disbursements	-	737	36,938	2,178	3,523	(53,282)	(4,104)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	737	36,938	2,178	3,523	(53,282)	(4,104)	-
Cash and investments - ending	\$ -	\$ -	\$ (1,034)	\$ -	\$ (477)	\$ (53,282)	\$ (4,104)	\$ -

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

	IDEA Grant 2015-2016	Drug Free Schools	PLTW Eco15 Bio Med	PLTW Pre-Engineering	PLTW Pre-Engin 2009-2010	Child Care and Development Block Grant	Title II 2013-2014	Title II 2014-2015
Cash and investments - beginning	\$ -	\$ 17	\$ (5,259)	\$ (1,120)	\$ 471	\$ 600	\$ (51,330)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	3,870	-	-	-	-	-
Federal sources	-	-	-	-	-	-	75,673	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	3,870	-	-	-	75,673	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	24,534	10,898
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	959	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	25,493	10,898
Excess (deficiency) of receipts over disbursements	-	-	3,870	-	-	-	50,180	(10,898)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,870	-	-	-	50,180	(10,898)
Cash and investments - ending	\$ -	\$ 17	\$ (1,389)	\$ (1,120)	\$ 471	\$ 600	\$ (1,150)	\$ (10,898)

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

	Title II 2015-2016	Title III - English Proficiency Migrant	STEM Grant	STEM Honda Donation	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ -	\$ (201)	\$ -	\$ -	\$ 265,975	\$ 6,685	\$ 10,935,576
Receipts:							
Local sources	-	-	4,160	2,625	-	-	6,508,578
Intermediate sources	-	-	-	-	-	-	3,163
State sources	-	-	-	-	-	-	13,683,886
Federal sources	-	-	-	-	-	-	1,192,704
Other receipts	-	-	-	-	3,258,005	320,630	5,939,480
Total receipts	-	-	4,160	2,625	3,258,005	320,630	27,327,811
Disbursements:							
Instruction	-	-	4,060	-	-	-	10,352,125
Support services	-	-	-	-	-	-	8,284,989
Noninstructional services	-	-	-	-	-	-	1,586,579
Facilities acquisition and construction	-	-	-	-	-	-	1,090,336
Debt service	-	-	-	-	-	-	1,382,829
Nonprogrammed charges	-	-	-	-	3,275,857	323,717	3,605,574
Total disbursements	-	-	4,060	-	3,275,857	323,717	26,302,432
Excess (deficiency) of receipts over disbursements	-	-	100	2,625	(17,852)	(3,087)	1,025,379
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	283,626
Transfers out	-	-	-	-	-	-	(283,626)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	100	2,625	(17,852)	(3,087)	1,025,379
Cash and investments - ending	\$ -	\$ (201)	\$ 100	\$ 2,625	\$ 248,123	\$ 3,598	\$ 11,960,955

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 4,461,871	\$ 1,389,850	\$ 170,421	\$ 2,215,883	\$ 203,283	\$ 297,410	\$ 1,100,000	\$ 261,000
Receipts:								
Local sources	110,254	1,550,282	224,340	1,866,622	1,407,927	52,740	41,963	-
Intermediate sources	2,764	-	-	-	-	-	-	-
State sources	13,150,585	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	15,740	-	-	14,925	-	-	-	-
Total receipts	13,279,343	1,550,282	224,340	1,881,547	1,407,927	52,740	41,963	-
Disbursements:								
Instruction	9,752,376	-	-	-	-	-	-	-
Support services	4,023,635	-	-	824,745	1,264,282	88,705	-	-
Noninstructional services	242,398	-	-	-	-	-	-	-
Facilities acquisition and construction	1,742	-	-	1,293,577	-	-	-	-
Debt service	-	1,314,246	242,371	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	14,020,151	1,314,246	242,371	2,118,322	1,264,282	88,705	-	-
Excess (deficiency) of receipts over disbursements	(740,808)	236,036	(18,031)	(236,775)	143,645	(35,965)	41,963	-
Other financing sources (uses):								
Transfers in	43,500	-	1	-	-	-	-	58,000
Transfers out	(58,001)	(39,578)	-	-	-	-	-	(43,500)
Total other financing sources (uses)	(14,501)	(39,578)	1	-	-	-	-	14,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(755,309)	196,458	(18,030)	(236,775)	143,645	(35,965)	41,963	14,500
Cash and investments - ending	\$ 3,706,562	\$ 1,586,308	\$ 152,391	\$ 1,979,108	\$ 346,928	\$ 261,445	\$ 1,141,963	\$ 275,500

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

	Construction	NDHS Field House Construction	SDHS Field House Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 12,381	\$ 30,000	\$ 30,000	\$ 288,089	\$ 422,813	\$ 821,696	\$ 923	\$ 28,710
Receipts:								
Local sources	-	-	-	596,360	222,589	-	62	-
Intermediate sources	-	-	-	-	-	-	-	113
State sources	-	-	-	13,126	73,045	-	-	-
Federal sources	-	-	-	648,754	-	-	-	-
Other receipts	-	-	-	-	-	2,374,931	-	-
Total receipts	-	-	-	1,258,240	295,634	2,374,931	62	113
Disbursements:								
Instruction	-	-	-	-	-	2,517,740	-	-
Support services	-	-	-	-	541,555	-	-	-
Noninstructional services	-	-	-	1,188,631	-	-	-	-
Facilities acquisition and construction	-	30,000	30,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	30,000	30,000	1,188,631	541,555	2,517,740	-	-
Excess (deficiency) of receipts over disbursements	-	(30,000)	(30,000)	69,609	(245,921)	(142,809)	62	113
Other financing sources (uses):								
Transfers in	-	-	-	-	39,578	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	39,578	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(30,000)	(30,000)	69,609	(206,343)	(142,809)	62	113
Cash and investments - ending	\$ 12,381	\$ -	\$ -	\$ 357,698	\$ 216,470	\$ 678,887	\$ 985	\$ 28,823

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

	Alternative Education	School Library Printed Material	SAFE School Haven	Anti Bullying Program	Scholarships and Awards	Nobbe Brown Conover Scholarship	Keisha Boyce Memorial Scholarship	FEWSIC Grant
Cash and investments - beginning	\$ 8,750	\$ 31	\$ 149	\$ (77)	\$ 23,266	\$ 39,470	\$ 1,000	\$ 784
Receipts:								
Local sources	-	-	-	-	-	6,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	4,956	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,956	-	-	-	-	6,000	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	6,000	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	6,000	-	-
Excess (deficiency) of receipts over disbursements	4,956	-	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,956	-	-	-	-	-	-	-
Cash and investments - ending	\$ 13,706	\$ 31	\$ 149	\$ (77)	\$ 23,266	\$ 39,470	\$ 1,000	\$ 784

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

	PLTW Award	Miscellaneous Programs	Indiana Next Leadership	Rachel's Challenge	Thank A Teacher Grant	Health Science Education Pro	United Fund Decatur County Grant	Decatur Co Soil & Water SDES Lab
Cash and investments - beginning	\$ 1	\$ 32	\$ 96	\$ -	\$ (321)	\$ -	\$ (106)	\$ 255
Receipts:								
Local sources	-	-	-	7,980	3,934	15,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	3,012	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	7,980	3,934	15,000	3,012	-
Disbursements:								
Instruction	-	-	-	-	2,365	15,094	-	-
Support services	-	-	-	7,248	-	-	3,012	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	7,248	2,365	15,094	3,012	-
Excess (deficiency) of receipts over disbursements	-	-	-	732	1,569	(94)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	732	1,569	(94)	-	-
Cash and investments - ending	\$ 1	\$ 32	\$ 96	\$ 732	\$ 1,248	\$ (94)	\$ (106)	\$ 255

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

	Duke Energy Summer Reading Pro	Duke Energy Literacy Grant 2016	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 15,066	\$ -	\$ -	\$ 3,000	\$ -	\$ 1,549	\$ (27,403)	\$ 890
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	34,315	-	17,786	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	34,315	-	17,786	-
Disbursements:								
Instruction	14,594	685	-	3,000	32,943	-	-	200
Support services	-	-	-	-	-	-	52,884	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	14,594	685	-	3,000	32,943	-	52,884	200
Excess (deficiency) of receipts over disbursements	(14,594)	(685)	-	(3,000)	1,372	-	(35,098)	(200)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,594)	(685)	-	(3,000)	1,372	-	(35,098)	(200)
Cash and investments - ending	\$ 472	\$ (685)	\$ -	\$ -	\$ 1,372	\$ 1,549	\$ (62,501)	\$ 690

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

	School Technology	iPad Insurance Fund	Technology Grants [IC 20-40-15]	Performance Based Awards	PLTW Gateway Cummins Grant	Excess PTRC Distributions	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ 5,061	\$ 21,235	\$ (29,967)	\$ 4,319	\$ (2,201)	\$ 39,690	\$ (1)	\$ (59,822)
Receipts:								
Local sources	-	30,156	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	6,564	-	70,005	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	81,070
Other receipts	-	-	-	-	-	-	-	-
Total receipts	6,564	30,156	70,005	-	-	-	-	81,070
Disbursements:								
Instruction	-	11,707	-	-	-	-	-	16,180
Support services	-	-	44,855	-	-	-	-	4,872
Noninstructional services	-	-	-	-	-	-	-	196
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	11,707	44,855	-	-	-	-	21,248
Excess (deficiency) of receipts over disbursements	6,564	18,449	25,150	-	-	-	-	59,822
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,564	18,449	25,150	-	-	-	-	59,822
Cash and investments - ending	\$ 11,625	\$ 39,684	\$ (4,817)	\$ 4,319	\$ (2,201)	\$ 39,690	\$ (1)	\$ -

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

	Title I 2015-2016	IDEA Grant 2012-2013	IDEA Grant 2013-2014	IDEA Preschool 2013-2014	IDEA TA Grant 2013-2014	IDEA Grant 2014-2015	IDEA Preschool 2014-2015	IDEA Preschool 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ (1,034)	\$ -	\$ (477)	\$ (53,282)	\$ (4,104)	\$ -
Receipts:								
Local sources	-	-	19,361	-	3,498	104,418	6,167	14,603
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	246,586	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	246,586	-	19,361	-	3,498	104,418	6,167	14,603
Disbursements:								
Instruction	297,959	-	18,328	-	3,021	51,136	2,063	17,636
Support services	11,200	-	-	-	-	-	-	-
Noninstructional services	385	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	309,544	-	18,328	-	3,021	51,136	2,063	17,636
Excess (deficiency) of receipts over disbursements	(62,958)	-	1,033	-	477	53,282	4,104	(3,033)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,958)	-	1,033	-	477	53,282	4,104	(3,033)
Cash and investments - ending	\$ (62,958)	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ (3,033)

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

	IDEA Grant 2015-2016	Drug Free Schools	PLTW Eco15 Bio Med	PLTW Pre-Engineering	PLTW Pre-Engin 2009-2010	Child Care and Development Block Grant	Title II 2013-2014	Title II 2014-2015
Cash and investments - beginning	\$ -	\$ 17	\$ (1,389)	\$ (1,120)	\$ 471	\$ 600	\$ (1,150)	\$ (10,898)
Receipts:								
Local sources	376,295	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	77,319
Other receipts	-	-	-	-	-	-	-	-
Total receipts	376,295	-	-	-	-	-	-	77,319
Disbursements:								
Instruction	441,876	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	(1,150)	66,420
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	441,876	-	-	-	-	-	(1,150)	66,420
Excess (deficiency) of receipts over disbursements	(65,581)	-	-	-	-	-	1,150	10,899
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,581)	-	-	-	-	-	1,150	10,899
Cash and investments - ending	\$ (65,581)	\$ 17	\$ (1,389)	\$ (1,120)	\$ 471	\$ 600	\$ -	\$ 1

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

	Title II 2015-2016	Title III - English Proficiency Migrant	STEM Grant	STEM Honda Donation	Payroll Withholdings	Accounts Payable Electronic Payments	Totals
Cash and investments - beginning	\$ -	\$ (201)	\$ 100	\$ 2,625	\$ 248,123	\$ 3,598	\$ 11,960,955
Receipts:							
Local sources	-	-	-	-	-	-	6,660,551
Intermediate sources	-	-	-	-	-	-	2,877
State sources	-	-	-	-	-	-	13,373,394
Federal sources	31,146	-	-	-	-	-	1,084,875
Other receipts	-	-	-	-	3,442,797	200,224	6,048,617
Total receipts	31,146	-	-	-	3,442,797	200,224	27,170,314
Disbursements:							
Instruction	-	-	2,795	-	-	-	13,201,698
Support services	32,175	(201)	-	-	-	-	6,964,237
Noninstructional services	-	-	-	-	-	-	1,431,610
Facilities acquisition and construction	-	-	-	-	-	-	1,355,319
Debt service	-	-	-	-	-	-	1,556,617
Nonprogrammed charges	-	-	-	-	-	-	6,000
Interfund loans	-	-	-	-	3,398,078	195,896	3,593,974
Total disbursements	32,175	(201)	2,795	-	3,398,078	195,896	28,109,455
Excess (deficiency) of receipts over disbursements	(1,029)	201	(2,795)	-	44,719	4,328	(939,141)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	141,079
Transfers out	-	-	-	-	-	-	(141,079)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,029)	201	(2,795)	-	44,719	4,328	(939,141)
Cash and investments - ending	\$ (1,029)	\$ -	\$ (2,695)	\$ 2,625	\$ 292,842	\$ 7,926	\$ 11,021,814

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 325,869</u>	<u>\$ -</u>

DECATUR COUNTY COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Decatur Co Community Schools Building Corp	QZAB 2011A Capital improvements	\$ 385,090	3/24/2011	12/31/2025
Decatur Co Community Schools Building Corp	QZAB 2011B Capital improvements	385,090	3/24/2011	12/31/2025
Decatur Co Community Schools Building Corp	Series 2014 B SDHS Fieldhouse	79,000	5/14/2014	6/30/2033
Decatur Co Community Schools Building Corp	2010 QSCB Capital improvements	211,624	12/10/2010	6/30/2024
Decatur Co Community Schools Building Corp	QZAB 2011C Capital improvements	164,766	7/15/2011	6/30/2027
Decatur Co Community Schools Building Corp	Series 2011D Capital improvements	75,000	10/13/2011	1/15/2031
Decatur Co Community Schools Building Corp	Series 2011E Capital improvements	75,000	10/13/2011	1/15/2031
Decatur Co Community Schools Building Corp	Series 2014 A NDHS Fieldhouse	<u>79,000</u>	5/14/2014	6/30/2033
Total of annual lease payments		<u>\$ 1,454,570</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bond	<u>\$ 1,685,000</u>	<u>\$ 218,281</u>

DECATUR COUNTY COMMUNITY SCHOOLS
 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:	
Infrastructure	\$ 643,823
Buildings	21,609,050
Improvements other than buildings	2,515,615
Machinery, equipment, and vehicles	<u>8,392,593</u>
Total capital assets	<u>\$ 33,161,081</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Decatur County Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 items 2016-004, 2016-005, 2016-006, and 2016-007. 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, 2016-006, 2016-007, and 2016-008 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

November 13, 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.

DECATUR COUNTY COMMUNITY SCHOOLS
 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	Total Federal Awards Expended 06-30-15	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 14-15	\$ 122,642	\$ -
			FY 15-16	-	133,716
				<u>122,642</u>	<u>133,716</u>
Total - School Breakfast Program					
National School Lunch Program					
	Indiana Department of Education	10.555			
			FY 14-15	472,950	-
			FY 15-16	-	479,550
			FY 14-15	72,371	-
			FY 15-16	-	71,577
				<u>545,321</u>	<u>551,127</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster					
				<u>667,963</u>	<u>684,843</u>
Total - Department of Agriculture					
				<u>667,963</u>	<u>684,843</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States					
	Indiana Department of Education	84.027			
			14213-003-PN01	833	-
			14214-003-PN01	104,836	19,361
			14215-003-PN01	383,454	104,418
			14216-003-PN01	-	376,295
			99914-003-PN01	7,880	3,498
				<u>497,003</u>	<u>503,572</u>
Total - Special Education Grants to States					

DECATUR COUNTY COMMUNITY SCHOOLS
 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	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
Special Education Preschool Grants	Indiana Department of Education	84.173			
IDEA 2013-2014 Preschool			45714-003-PN01	3,710	-
IDEA 2014-2015 Preschool			45715-003-PN01	11,851	6,167
IDEA 2015-2016 Preschool			45716-003-PN01	-	14,603
Total - Special Education Preschool Grants				15,561	20,770
Total - Special Education Cluster (IDEA)				512,564	524,342
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2013-2014			14-1655	256,622	-
Title I 2014-2015			15-1655	234,621	81,070
Title I 2015-2016			16-1655	-	246,586
Total - Title I Grants to Local Educational Agencies				491,243	327,656
Mathematics and Science Partnerships STEM Works!	Bartholomew Consolidated School Corporation	84.366	62620/571200	4,160	-
Total - Mathematics and Science Partnerships				4,160	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II A 2013-2014			13-1655	75,673	-
Title IIA 2014-2015			14-1655	-	77,319
Title IIA 2015-2016			S367A150015	-	31,146
Total - Supporting Effective Instruction State Grants				75,673	108,465
Total - Department of Education				1,083,640	960,463
Total federal awards expended				\$ 1,751,603	\$ 1,645,306

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (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.

DECATUR COUNTY COMMUNITY SCHOOLS
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 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:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies 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

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

Management of the School Corporation had not established an internal control system related to financial transactions and reporting for the activity of their Self-Insurance fund.

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

The School Corporation utilized a third-party administrator to administer the Decatur County Community School Corporation Employee Benefit (Self-Insurance fund). The administrator provided the School Corporation with a reconciliation worksheet showing the monthly income (receipts) expenditures (disbursements), and ending cash balances. The School Corporation did not include the receipts or the disbursements in the Self-Insurance fund on the financial statement.

There was no evidence of any controls by the School Corporation to verify the information received from the administrator was accurate or to ensure that receipts and disbursements were reflected in the Self-Insurance fund on the financial statement.

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

Context

This was a systemic problem during the audit period.

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. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established a proper system of internal control to ensure proper reporting of the receipts, disbursements, and cash balance of the Self-Insurance fund.

Effect

The failure to establish a proper system of internal control enabled material misstatements within the Self-Insurance fund to occur or remain undetected.

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Title I Grants to Local Educational Agencies -
Special Tests and Provisions - Comparability
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers (or Other Identifying Numbers): 14-1655, 15-1655, 16-1655
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
Audit Finding: Material Weakness

Condition

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

The School Corporation was required to file a Comparability Report every two years with the Indiana Department of Education, which documented the full-time equivalent (FTE) of staff to students by school. An oversight or review process was not established by the School Corporation for the Comparability Report to ensure its accuracy prior to submission.

Context

The issue was a systemic problem throughout the audit.

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). . . ."

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

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 Special Tests and Provisions - Comparability compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the 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 related to the grant agreement and the Special Tests and Provisions - Comparability 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 2016-003

Subject: Title I Grants to Local Educational Agencies - Special Tests
and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers (or Other Identifying Numbers): 14-1655, 15-1655, 16-1655
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provision - Assessment System Security compliance requirement.

The School Corporation's policy required staff to sign the Indiana Testing Security and Integrity Agreement upon receiving training. The security integrity agreements from all the schools were retained for audit except for one. It was inquired and verified that they did use the security integrity agreements at that one particular school. On the agreement that is provided by Indiana Department of Education, it states they only must retained no fewer than three years. It is the belief that the individual school was not aware that it had to be retained for audit and discarded it after three years.

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

Context

This was isolated to the one school.

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 Special Tests and Provision - Assessment System Security compliance requirement.

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 Provision - Assessment System Security compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-004

Subject: Special Education Cluster (IDEA) - Reporting
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 (or Other Identifying Numbers): 14215-003-PN01, 45715-003-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

Management of the School Corporation had not established an effective internal control system related to the Reporting compliance requirement as it related to the Count of Children with Disabilities Receiving Special Education Services report required to be filed with the Indiana Department of Education (IDOE).

Procedures were in place for the reports to be reviewed by the Treasurer and Superintendent of Schools after it was prepared by the Data Manager, but they were not effective.

Context

The December 1, 2014 report for Count of Children with Disabilities Receiving Special Education Services reported a total of 414 students; however, the documentation presented for audit reported 406 students, for a difference of 8 students. It was determined that students who were no longer receiving services were included in the final report submitted to IDOE.

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). . . ."

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

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured accurate reporting.

Effect

The failure to establish an effective internal control system 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 recommend that the School Corporation's management establish controls related to the Reporting compliance requirement.

DECATUR COUNTY COMMUNITY SCHOOLS
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 2016-005

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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 (or Other Identifying Numbers): 14213-003-PN01, 14214-003-PN01,
14215-003-PN01, 14216-003-PN01,
99914-003-PN01, 45714-003-PN01,
45715-003-PN01, 45716-003-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

Procurement

The School Corporation did not have controls in place to verify procurement procedures were followed.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance related to the suspension and debarment requirements was also a systemic issue through 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. . . ."

DECATUR COUNTY COMMUNITY SCHOOLS
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). . . ."

2 CFR 180.300 states in part:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Procurement and Suspension and Debarment compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the Procurement compliance requirements and enabled noncompliance with the grant agreement and the Suspension and Debarment compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

Views of Responsible Officials

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

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 15-16
Pass-Thru Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

The School Corporation's procurement policy did not address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro purchase, small purchase, or sealed bid) and the thresholds for each.

The School Corporation had two vendors who met the requirements for the small purchase method for which no documentation of quotes were obtained.

Context

This was a systemic problem throughout the 2016 school year.

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micropurchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micropurchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c) (1) of this section apply. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured that the required procurement procedures were followed to be in compliance with the Procurement compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement and 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 to ensure compliance and comply with the Procurement compliance requirement.

Views of Responsible Officials

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

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

FINDING 2016-007

Subject: Child Nutrition Cluster - Equipment and Real Property Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 14-15
Pass-Thru Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the Equipment and Real Property Management compliance requirement.

The School Corporation did not have effective controls in place to ensure that assets purchased for the food service programs were properly inventoried and included in the capital assets records of the School Corporation. The School Corporation's policy was to include equipment on their capital asset records that were in excess of \$5,000. We determined there were six pieces of equipment purchased for the food service program in excess of the \$5,000 threshold that did not get included on the School Corporation's capital asset records.

Context

The lack of controls and noncompliance were during the 2014-2015 fiscal year.

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. . . ."

7 CFR 3016.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

Cause

Management of the School Corporation had not established an effective internal control system that would have ensured that the requirements related to the Equipment and Real Property Management compliance requirement were being met.

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

Effect

The failure to establish internal controls enabled noncompliance to go undetected. The failure to comply with the grant agreement and 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 to ensure compliance and comply with the Equipment and Real Property Management 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 2016-008

Subject: Child Nutrition Cluster - Cash Management
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 14-15, FY 15-16
Pass-Thru Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-010.

Condition

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

The School Corporation had not established procedures to monitor the School Lunch fund monthly cash balances (net cash resources) to ensure that they were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund monthly cash balances (net cash resources).

Context

This was a systemic problem during the audit period.

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

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 section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 of the School Corporation had not established an effective internal control system that would have ensured that the requirements related to the Cash Management compliance.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Cash Management compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

ADMINISTRATION
DR. S. JARROD BURNS
Superintendent
DEBBIE REYNOLDS
Director of Learning
KATHY LAND
Secretary
LOUISE S. SMITH
Business Manager
KATHY WIGGINS
Deputy Treasurer
AMY HACKER
Bookkeeper
JENI NIESE
Data/Food Service

Decatur County Community Schools

TELEPHONE:(812) 663-4595
FAX: (812) 663-4168
2020 N. Montgomery Road
Greensburg, Indiana 47240

BOARD MEMBERS
STEPHEN AMRHEIN
LIZETTE BELL
JOYCE GEIS
MATTHEW HOEING
TODD MAUER
CHRIS OWENS
TIM ROSCOE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: FY 14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Dept. of Education
Contact Person Responsible for Corrective Action: Louise Smith/Jennifer Niese
Contact Phone Number: 812-663-4595

Status of Audit Finding: Effective with the 2015-2016 school year we implemented procedures to ensure meeting the required internal controls and segregation of duties. Monthly activity reports are prepared by the bookkeeper at each school. The Food Service Director then reviews the reports for accuracy before she inputs the information on-line for reimbursement. The Business Manager reviews the input and submits the reports. All parties sign off on these sheets to document preparation, review and approval. Free and/or Reduced applications are entered on-line by the parent in roughly 90% of the cases. Income eligibility guidelines are entered in the on-line system by the Food Service Director and reviewed by the Business Manager and one other employee, with this review being documented. For those applications not processed on-line, the Food Service Director makes the determination and the applications are reviewed by the school bookkeepers. Procurement procedures were reviewed by the School Nutrition Division of the Indiana Dept. of Education, and we are following the necessary approval guidelines as required. Suspension and Debarment are viewed periodically. Meal prices at the schools are now input by the Food Service Director and reviewed by the Business Manager. Documentation is retained for these review processes.

FINDING 2014-004

Fiscal year in which the finding initially occurred: FY 14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Dept. of Education
Contact Person Responsible for Corrective Action: Louise Smith/Debbie Reynolds
Contact Phone Number: 812-663-4595

Status of Audit Finding: Our Director of Learning, Debbie Reynolds, is also our Title I Director. The Business Manager and the Title I Director work together to develop the Title I grant needs. The on-line application is entered by the Title I Director and approved by the Superintendent. Detail payroll reports are approved by the School Board. Starting with the 2015-2016 school year, Cash reimbursement requests are prepared by the Business Manager and approved by the Title I Director. Eligibility information is entered by the Data Manager/Food Service Director and approved by the Business Manager and one other Central Office employee. The Business Manager monitors the grant periods; in addition, the Title I Director and the Deputy Treasurer are aware of the grant periods and monitor expenditures. Title I reports are prepared by the Business Manager and reviewed/approved by the Title I Director.

FINDING 2014-005, FINDING 2014-006

Fiscal year in which the finding initially occurred: FY 14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Dept. of Education
Contact Person Responsible for Corrective Action: Louise Smith/Jennifer Niese
Contact Phone Number: 812-663-4595

Status of Audit Finding: At the beginning of the 2015-2016 school year, each school created a Prepaid Food clearing account. Prepaid food payments are deposited into this clearing account and funds are transferred when the food sales are recognized. Applications, selected by the Food Service Director for eligibility, are verified by the Bookkeepers at each school. The building Principal approves the forms and documentation is sent to Central Office for the Food Service Director to review. After this review is complete, the Food Service Director enters the verification information into the state Nutrition website. This documentation is reviewed and approved by the Business Manager.

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

Fiscal year in which the finding initially occurred: FY 14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Dept. of Education
Contact Person Responsible for Corrective Action: Louise Smith/Debbie Reynolds
Contact Phone Number: 812-663-4595

Status of Audit Finding: Decatur County Community Schools is a school wide Title I school corporation. Starting with the 2015 – 2016 school year required documentation for Time and Effort is maintained with appropriate approval documented. Each individual school has a School Improvement Plan that includes all necessary assessments, comprehensive plan and evaluations. These plans are approved annually by our Board of School Trustees. Comparability reports are being completed and maintained as required.

FINDING 2014-10

Fiscal year in which the finding initially occurred: FY 14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Dept. of Education
Contact Person Responsible for Corrective Action: Louise Smith/Jennifer Niese
Contact Phone Number: 812-663-4595

Status of Audit Finding: Effective with the 2015-2016 school year Decatur County Community Schools is now paying for repairs, equipment and all cafeteria expenses out of the Food Service account. Although the operating balance may exceed a 3 month balance periodically, it is the result of the cash flow pattern. During the school year, cash flow in the food service account is high, while repairs and equipment purchases typically happen during the summer months. The Business Manager and the Food Service Director are aware of this requirement and continually monitor the food service account balance.

Louise S. Smith
(Signature)

Business Manager
(Title)

September 19, 2018
(Date)

ADMINISTRATION

DR. S. JARROD BURNS
Superintendent

DEBBIE REYNOLDS
Director of Learning

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

KATHY WIGGINS
Deputy Treasurer

AMY HACKER
Bookkeeper

JENI NIESE
Data/Food Service

Decatur County Community Schools

TELEPHONE: (812) 663-4595

FAX: (812) 663-4168

2020 N. Montgomery Road
Greensburg, Indiana 47240

BOARD MEMBERS

STEPHEN AMRHEIN

LIZETTE BELL

JOYCE GEIS

MATTHEW HOENG

TODD MAUER

CHRIS OWENS

TIM ROSCOE

November 13, 2018

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

CORRECTIVE ACTION PLAN FOR 2016 AUDIT COMMENTS

FINDING 2016-001

Contact Person: Louise S. Smith
Title: Business Manager
Phone #: 812-663-4595
Expected Completion Date: January 31, 2019

Views of Responsible Official: We concur with the finding.

We had the understanding that our self-insurance plan being managed by a Third Party Administrator (TPA) took the funding out of our control and off of our financial statements. We learned through the audit that this is not the case. We will contact the IDOE Division of School Finance to take corrective action to include the financial detail on past reports, as well as all future financial reports. On a monthly basis, we will review the reconciliation prepared by the TPA, as well as the activity report. This review will be documented and retained for auditor review. We will also discuss with the TPA the option of our self-insurance plan being converted to a Trust as of January 1, 2019.

FINDING 2016-002, 2016-003

Contact Person: Louise S. Smith / Debbie Reynolds
Title: Business Manager / Director of Learning and Title I Director
Phone #: 812-663-4595
Expected Completion Date: June 30, 2019

Views of Responsible Official: We concur with the finding.

As the Comparability Report is completed by the Title I Director annually for the Title I program, it will be reviewed by the Business Manager with final approval being documented. Assessment training is completed as required, however, reports were not maintained for review. These reports will be maintained for review by the auditors.

FINDING 2016-004

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

Our Data Manager was new at the time of this data submission and she was not aware that submitting a corrected file does not delete students previously reported. She quickly learned that incorrect files must be deleted to ensure proper counts. This error has been corrected.

FINDING 2016-005

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: January 1, 2019

Views of Responsible Official: We concur with the finding.

Our Food Service Director runs vendors through the SAM system to ensure they are not on the Suspension and Debarment list. We will check vendors that are used for all federal programs.

FINDING 2016-006

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: November 14, 2018

Views of Responsible Official: We concur with the finding.

We currently contract with NEOLA for corporate policy updates. It appears this section was missed when it was to be approved in 2016. The required Procurement policy will be approved by the school board at the November 14, 2018 meeting.

Because we did not have the correct procurement policy, we were unaware of the lower dollar amount limit at which time quotes are required. We learned of the correct amount in early 2018 and have implemented the correct procedures since that time.

FINDING 2016-007

Contact Person: Louise S. Smith
Title: Business Manager
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

We maintain an Asset Ledger for purchases over \$5,000. In 2014 we started paying for equipment purchases for our cafeterias out of the School Nutrition fund, however, these purchases were missed when updating our ledger. We have reviewed purchases since 2014 and have updated the Asset Ledger appropriately.

FINDING 2016-008

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

The school lunch fund is made up of balances held by each of the four (4) schools and the central office. The Business Manager and the Food Service Director will monitor the cash balance on a monthly basis to ensure the cash balance does not exceed the average three (3) month operating balance.

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

Sincerely,



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



S. Varrod Burns
Superintendent
812-663-4595, Ext. 5001
jburns@decaturco.k12.in.us

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/>.