

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DEKALB COUNTY EASTERN
COMMUNITY SCHOOL DISTRICT
DEKALB COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Maria Conwell	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Jeffrey Stephens	07-01-16 to 06-30-19
President of the School Board	Leon Steury	07-01-16 to 06-30-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the DeKalb County Eastern Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2019, 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

February 26, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the DeKalb County Eastern Community School District (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 26, 2019, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

DeKalb County Eastern Community School District's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 26, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 769,627	\$ 9,372,137	\$ 9,823,704	\$ (108,850)	\$ 209,210	\$ 10,173,158	\$ 10,043,928	\$ -	\$ 338,440
Debt Service	2,116,199	3,343,829	4,168,859	-	1,291,169	3,084,376	3,290,201	-	1,085,344
Capital Projects	1,392,823	3,516,313	3,004,714	(325,000)	1,579,422	3,471,051	3,224,612	(250,000)	1,575,861
School Transportation	775,606	1,875,891	1,812,938	(222,818)	615,741	1,969,204	1,713,993	(50,000)	820,952
School Bus Replacement	157,244	292,856	298,796	(19,182)	132,122	508,749	381,456	-	259,415
Rainy Day	1,887,203	-	423,169	688,000	2,152,034	-	293,038	300,000	2,158,996
Construction	59,044	-	-	-	59,044	-	298	-	58,746
2017 General Obligation Bonds	-	-	-	-	-	-	346,622	1,999,373	1,652,751
School Lunch	376,441	702,671	723,787	-	355,325	720,467	813,577	-	262,215
Textbook Rental	94,940	79,022	67,185	-	106,777	93,185	77,598	-	122,364
Joint Services and Supply - Special Education Cooperative	3,729,305	5,302,134	5,112,061	-	3,919,378	5,461,145	5,218,651	-	4,161,872
Joint Services and Supply - Area Vocational School	2,013,643	3,663,088	3,905,574	93,731	1,864,888	3,494,284	3,688,720	246,407	1,916,859
Educational License Plates	-	75	-	-	75	-	75	-	-
Alternative Education	-	43,756	43,756	-	-	29,059	29,059	-	-
Lilly-Comprehensive Counseling	-	23,183	4,405	-	18,778	-	18,691	-	87
Co-Op Donation	4,595	4,246	7,927	-	914	1,970	2,502	-	382
Insurance Stabilization	33,849	187	15,574	-	18,462	18,291	14,427	-	22,326
Dekko Instrument Grant	-	-	-	-	-	14,500	12,813	-	1,687
Teacher Grant	431	4,200	160	-	4,471	54,575	4,471	-	54,575
Miscellaneous Programs	1,204	7,098	5,215	-	3,087	-	2,810	-	277
Impact Wellness Program	-	900	747	-	153	-	-	-	153
Literacy Early Intervention	-	6,873	4,725	-	2,148	-	2,148	-	-
Early Intervention 17-18	-	-	-	-	-	6,482	4,725	-	1,757
C.A.S.E.	13,569	59,746	60,362	-	12,953	57,678	56,888	-	13,743
High Ability 15-16	24,100	-	24,100	-	-	-	-	-	-
High Ability 16-17	-	30,440	14,983	-	15,457	-	15,457	-	-
High Ability 17-18	-	-	-	-	-	29,861	22,897	-	6,964
Formative Assessment	277	18,517	12,595	-	6,199	16,465	16,465	-	6,199
Adult and Continuing Education	1,789	46,674	48,505	31,025	30,983	78,720	49,052	28,490	89,141
Secured Schools Safety Grant	(50,000)	50,000	-	-	-	-	-	-	-
Skills Up DWD	-	-	-	-	-	-	4,692	-	(4,692)
Extra-Curricular Activities	37	707	707	-	37	1,155	1,156	-	36
School Technology	-	8,468	4,860	-	3,608	11,010	13,295	-	1,323
IMPACT Technology Grant	246	-	246	-	-	-	-	-	-
Career and Technical Performance Grant	-	12,980	6,804	-	6,176	7,605	5,600	-	8,181
Insurance Consortium	3,627	74,799	70,632	-	7,794	87,712	91,508	-	3,998
Vocational Business Administration	91,719	64,368	53,110	-	102,977	109,986	38,014	-	174,949
Title I 15-16	(84,165)	221,591	137,426	-	-	-	-	-	-
Title I 16-17	-	28,860	105,545	-	(76,685)	169,839	93,154	-	-
Title I 17-18	-	-	-	-	-	6,709	119,608	-	(112,899)
Special Education Preschool 16-17	-	180,378	180,378	-	-	-	-	-	-
Special Education Preschool 17-18	-	-	-	-	-	181,902	181,902	-	-
Perkins Local Rural Grant 16-17	-	83,000	83,000	-	-	-	-	-	-
Perkins CTE Basic 16-17	-	-	65,486	-	(65,486)	150,000	84,514	-	-
Perkins Reserve Grant 17-18	-	-	-	-	-	100,000	100,000	-	-
Perkins Grant 15-16	(9,214)	63,172	53,958	-	-	-	-	-	-
Perkins Grant 16-17	(62)	248,366	276,579	-	(28,275)	87,173	58,898	-	-
Perkins Career and Tech Ed 2017	-	-	-	-	-	275,891	295,176	-	(19,285)
Adult Education 15-16	(33,611)	64,636	-	(31,025)	-	-	-	-	-
Adult Education 16-17	-	541,415	707,808	-	(166,393)	220,332	25,449	(28,490)	-
Adult Education 17-18	-	-	-	-	-	456,654	676,574	-	(219,920)
Special Education IDEA Grant 15-16	(239,647)	928,873	689,226	-	-	-	-	-	-
Special Education IDEA Grant 16-17	-	4,961,685	5,286,755	-	(325,070)	764,047	438,977	-	-
Special Education IDEA Grant 17-18	-	-	-	-	-	5,365,407	5,701,003	-	(335,596)
Title II Part A 15-16	-	3,062	3,062	-	-	-	-	-	-
Title II Part A 16-17	-	17,435	18,875	-	(1,440)	5,919	4,479	-	-
Title II Part A 17-18	-	-	-	-	-	30,051	31,542	-	(1,491)
Payroll Clearing	3,218	18,946,600	18,948,744	-	1,074	19,495,969	19,492,830	-	4,213
Prepaid Student Lunch Fees	7,660	1,374	803	-	8,231	-	1,266	-	6,965
Non-Revenue Zero	-	-	-	-	-	42,266	42,266	-	-
Totals	\$ 13,141,697	\$ 54,895,605	\$ 56,277,845	\$ 105,881	\$ 11,865,338	\$ 56,852,847	\$ 56,847,077	\$ 2,245,780	\$ 14,116,888

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

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

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

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

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.

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

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

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 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

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

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, 2017 and 2018.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with DeKalb Eastern High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2017 and 2018 totaled \$2,882,000 and \$1,379,000, respectively.

Note 9. Impact Institute

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

Note 10. Northeast Indiana Special Education Cooperative (NEISEC)

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

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 769,627	\$ 2,116,199	\$ 1,392,823	\$ 775,606	\$ 157,244	\$ 1,887,203	\$ 59,044
Receipts:							
Local sources	311,443	2,834,277	2,609,620	1,458,168	241,275	-	-
Intermediate sources	29	-	-	-	-	-	-
State sources	9,060,665	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	457,971	906,693	415,003	-	-	-
Interfund loans	-	51,581	-	-	51,581	-	-
Other receipts	-	-	-	2,720	-	-	-
Total receipts	9,372,137	3,343,829	3,516,313	1,875,891	292,856	-	-
Disbursements:							
Instruction	6,210,364	-	-	-	-	383,169	-
Support services	3,360,349	8,289	1,450,664	1,278,005	240,310	40,000	-
Noninstructional services	252,991	-	-	-	-	-	-
Facilities acquisition and construction	-	-	551,408	47,209	-	-	-
Debt service	-	4,108,989	1,002,642	487,724	6,905	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	51,581	-	-	51,581	-	-
Total disbursements	9,823,704	4,168,859	3,004,714	1,812,938	298,796	423,169	-
Excess (deficiency) of receipts over disbursements	(451,567)	(825,030)	511,599	62,953	(5,940)	(423,169)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	12,150	-	-	-	-	-	-
Transfers in	-	-	-	-	818	688,000	-
Transfers out	(121,000)	-	(325,000)	(222,818)	(20,000)	-	-
Total other financing sources (uses)	(108,850)	-	(325,000)	(222,818)	(19,182)	688,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(560,417)	(825,030)	186,599	(159,865)	(25,122)	264,831	-
Cash and investments - ending	\$ 209,210	\$ 1,291,169	\$ 1,579,422	\$ 615,741	\$ 132,122	\$ 2,152,034	\$ 59,044

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	2017 General Obligation Bonds	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ -	\$ 376,441	\$ 94,940	\$ 3,729,305	\$ 2,013,643	\$ -	\$ -
Receipts:							
Local sources	-	282,906	33,348	5,297,684	3,651,523	-	-
Intermediate sources	-	-	-	-	-	75	-
State sources	-	8,146	45,674	-	-	-	43,756
Federal sources	-	411,619	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	4,450	11,565	-	-
Total receipts	-	702,671	79,022	5,302,134	3,663,088	75	43,756
Disbursements:							
Instruction	-	-	-	1,757,553	2,357,642	-	43,756
Support services	-	-	67,185	3,354,508	1,547,932	-	-
Noninstructional services	-	701,147	-	-	-	-	-
Facilities acquisition and construction	-	22,640	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	723,787	67,185	5,112,061	3,905,574	-	43,756
Excess (deficiency) of receipts over disbursements	-	(21,116)	11,837	190,073	(242,486)	75	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	93,731	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	93,731	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(21,116)	11,837	190,073	(148,755)	75	-
Cash and investments - ending	\$ -	\$ 355,325	\$ 106,777	\$ 3,919,378	\$ 1,864,888	\$ 75	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Lilly- Comprehensive Counseling	Co-op Donation	Insurance Stabilization	Dekko Instrument Grant	Teacher Grant	Miscellaneous Programs	Impact Wellness Program
Cash and investments - beginning	\$ -	\$ 4,595	\$ 33,849	\$ -	\$ 431	\$ 1,204	\$ -
Receipts:							
Local sources	23,183	-	187	-	-	-	-
Intermediate sources	-	4,246	-	-	4,200	7,098	900
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	23,183	4,246	187	-	4,200	7,098	900
Disbursements:							
Instruction	-	150	-	-	160	-	-
Support services	4,405	7,777	15,574	-	-	5,215	747
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	4,405	7,927	15,574	-	160	5,215	747
Excess (deficiency) of receipts over disbursements	18,778	(3,681)	(15,387)	-	4,040	1,883	153
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,778	(3,681)	(15,387)	-	4,040	1,883	153
Cash and investments - ending	\$ 18,778	\$ 914	\$ 18,462	\$ -	\$ 4,471	\$ 3,087	\$ 153

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Literacy Early Intervention	Early Intervention 17-18	C.A.S.E.	High Ability 15-16	High Ability 16-17	High Ability 17-18	Formative Assessment
Cash and investments - beginning	\$ -	\$ -	\$ 13,569	\$ 24,100	\$ -	\$ -	\$ 277
Receipts:							
Local sources	-	-	59,746	-	-	-	1,612
Intermediate sources	-	-	-	-	-	-	-
State sources	6,873	-	-	-	30,440	-	16,905
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	6,873	-	59,746	-	30,440	-	18,517
Disbursements:							
Instruction	3,256	-	-	24,100	14,983	-	12,595
Support services	1,469	-	60,362	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	4,725	-	60,362	24,100	14,983	-	12,595
Excess (deficiency) of receipts over disbursements	2,148	-	(616)	(24,100)	15,457	-	5,922
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,148	-	(616)	(24,100)	15,457	-	5,922
Cash and investments - ending	\$ 2,148	\$ -	\$ 12,953	\$ -	\$ 15,457	\$ -	\$ 6,199

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Adult and Continuing Education	Secured Schools Safety Grant	Skills Up DWD	Extra- Curricular Activities	School Technology	IMPACT Technology Grant	Career and Technical Performance Grant
Cash and investments - beginning	\$ 1,789	\$ (50,000)	\$ -	\$ 37	\$ -	\$ 246	\$ -
Receipts:							
Local sources	46,674	-	-	707	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	50,000	-	-	8,468	-	12,980
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	46,674	50,000	-	707	8,468	-	12,980
Disbursements:							
Instruction	48,505	-	-	-	-	-	6,804
Support services	-	-	-	-	4,860	246	-
Noninstructional services	-	-	-	707	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	48,505	-	-	707	4,860	246	6,804
Excess (deficiency) of receipts over disbursements	(1,831)	50,000	-	-	3,608	(246)	6,176
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	31,025	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	31,025	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,194	50,000	-	-	3,608	(246)	6,176
Cash and investments - ending	\$ 30,983	\$ -	\$ -	\$ 37	\$ 3,608	\$ -	\$ 6,176

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Insurance Consortium	Vocational Business Administration	Title I 15-16	Title I 16-17	Title I 17-18	Special Education Preschool 16-17	Special Education Preschool 17-18
Cash and investments - beginning	\$ 3,627	\$ 91,719	\$ (84,165)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	74,799	64,368	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	221,591	28,860	-	180,378	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	74,799	64,368	221,591	28,860	-	180,378	-
Disbursements:							
Instruction	-	-	109,861	86,452	-	180,378	-
Support services	70,632	53,110	26,330	19,093	-	-	-
Noninstructional services	-	-	1,235	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	70,632	53,110	137,426	105,545	-	180,378	-
Excess (deficiency) of receipts over disbursements	4,167	11,258	84,165	(76,685)	-	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,167	11,258	84,165	(76,685)	-	-	-
Cash and investments - ending	\$ 7,794	\$ 102,977	\$ -	\$ (76,685)	\$ -	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Perkins Local Rural Grant 16-17	Perkins CTE Basic 16-17	Perkins Reserve Grant 17-18	Perkins Grant 15-16	Perkins Grant 16-17	Perkins Career and Tech Ed 2017	Adult Education 15-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (9,214)	\$ (62)	\$ -	\$ (33,611)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	64,636
Federal sources	83,000	-	-	63,172	248,366	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	83,000	-	-	63,172	248,366	-	64,636
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	53,958	276,579	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	83,000	65,486	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	83,000	65,486	-	53,958	276,579	-	-
Excess (deficiency) of receipts over disbursements	-	(65,486)	-	9,214	(28,213)	-	64,636
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(31,025)
Total other financing sources (uses)	-	-	-	-	-	-	(31,025)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(65,486)	-	9,214	(28,213)	-	33,611
Cash and investments - ending	\$ -	\$ (65,486)	\$ -	\$ -	\$ (28,275)	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Adult Education 16-17	Adult Education 17-18	Special Education IDEA Grant 15-16	Special Education IDEA Grant 16-17	Special Education IDEA Grant 17-18	Title II Part A 15-16
Cash and investments - beginning	\$ -	\$ -	\$ (239,647)	\$ -	\$ -	\$ -
Receipts:						
Local sources	33,504	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	400,158	-	-	-	-	-
Federal sources	107,753	-	928,873	4,961,685	-	3,062
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	541,415	-	928,873	4,961,685	-	3,062
Disbursements:						
Instruction	543,906	-	689,226	4,103,549	-	-
Support services	163,902	-	-	1,183,206	-	3,062
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	707,808	-	689,226	5,286,755	-	3,062
Excess (deficiency) of receipts over disbursements	(166,393)	-	239,647	(325,070)	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(166,393)	-	239,647	(325,070)	-	-
Cash and investments - ending	\$ (166,393)	\$ -	\$ -	\$ (325,070)	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II Part A 16-17	Title II Part A 17-18	Payroll Clearing	Prepaid Student Lunch Fees	Non-Revenue Zero	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 3,218	\$ 7,660	\$ -	\$ 13,141,697
Receipts:						
Local sources	-	-	-	-	-	17,025,024
Intermediate sources	-	-	-	-	-	16,548
State sources	-	-	-	-	-	9,748,701
Federal sources	17,435	-	-	-	-	7,255,794
Temporary loans	-	-	-	-	-	1,779,667
Interfund loans	-	-	-	-	-	103,162
Other receipts	-	-	18,946,600	1,374	-	18,966,709
Total receipts	17,435	-	18,946,600	1,374	-	54,895,605
Disbursements:						
Instruction	-	-	-	-	-	16,576,409
Support services	18,875	-	-	-	-	13,316,644
Noninstructional services	-	-	-	-	-	956,080
Facilities acquisition and construction	-	-	-	-	-	769,743
Debt service	-	-	-	-	-	5,606,260
Nonprogrammed charges	-	-	18,948,744	803	-	18,949,547
Interfund loans	-	-	-	-	-	103,162
Total disbursements	18,875	-	18,948,744	803	-	56,277,845
Excess (deficiency) of receipts over disbursements	(1,440)	-	(2,144)	571	-	(1,382,240)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	105,881
Transfers in	-	-	-	-	-	719,843
Transfers out	-	-	-	-	-	(719,843)
Total other financing sources (uses)	-	-	-	-	-	105,881
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,440)	-	(2,144)	571	-	(1,276,359)
Cash and investments - ending	\$ (1,440)	\$ -	\$ 1,074	\$ 8,231	\$ -	\$ 11,865,338

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 209,210	\$ 1,291,169	\$ 1,579,422	\$ 615,741	\$ 132,122	\$ 2,152,034	\$ 59,044
Receipts:							
Local sources	572,834	2,128,234	2,604,849	1,483,828	260,005	-	-
Intermediate sources	30	-	-	-	-	-	-
State sources	9,600,294	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	885,246	866,202	485,376	177,848	-	-
Interfund loans	-	70,896	-	-	70,896	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	10,173,158	3,084,376	3,471,051	1,969,204	508,749	-	-
Disbursements:							
Instruction	6,699,686	-	248	554	-	247,889	-
Support services	3,091,404	11,939	1,573,398	1,274,447	220,849	5,280	298
Noninstructional services	251,910	-	-	-	-	-	-
Facilities acquisition and construction	928	-	744,273	23,989	-	39,869	-
Debt service	-	3,207,366	906,693	415,003	89,711	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	70,896	-	-	70,896	-	-
Total disbursements	10,043,928	3,290,201	3,224,612	1,713,993	381,456	293,038	298
Excess (deficiency) of receipts over disbursements	129,230	(205,825)	246,439	255,211	127,293	(293,038)	(298)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	300,000	-
Transfers out	-	-	(250,000)	(50,000)	-	-	-
Total other financing sources (uses)	-	-	(250,000)	(50,000)	-	300,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	129,230	(205,825)	(3,561)	205,211	127,293	6,962	(298)
Cash and investments - ending	\$ 338,440	\$ 1,085,344	\$ 1,575,861	\$ 820,952	\$ 259,415	\$ 2,158,996	\$ 58,746

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2017 General Obligation Bonds	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ -	\$ 355,325	\$ 106,777	\$ 3,919,378	\$ 1,864,888	\$ 75	\$ -
Receipts:							
Local sources	-	320,826	47,296	5,457,466	3,494,284	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	8,125	45,889	-	-	-	29,059
Federal sources	-	391,516	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	3,679	-	-	-
Total receipts	-	720,467	93,185	5,461,145	3,494,284	-	29,059
Disbursements:							
Instruction	-	-	-	1,538,253	2,410,448	-	29,059
Support services	20	-	77,598	3,680,398	1,278,272	75	-
Noninstructional services	-	779,120	-	-	-	-	-
Facilities acquisition and construction	346,602	34,457	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	346,622	813,577	77,598	5,218,651	3,688,720	75	29,059
Excess (deficiency) of receipts over disbursements	(346,622)	(93,110)	15,587	242,494	(194,436)	(75)	-
Other financing sources (uses):							
Proceeds of long-term debt	1,999,373	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	246,407	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	1,999,373	-	-	-	246,407	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,652,751	(93,110)	15,587	242,494	51,971	(75)	-
Cash and investments - ending	\$ 1,652,751	\$ 262,215	\$ 122,364	\$ 4,161,872	\$ 1,916,859	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Lilly- Comprehensive Counseling	Co-op Donation	Insurance Stabilization	Dekko Instrument Grant	Teacher Grant	Miscellaneous Programs	Impact Wellness Program
Cash and investments - beginning	\$ 18,778	\$ 914	\$ 18,462	\$ -	\$ 4,471	\$ 3,087	\$ 153
Receipts:							
Local sources	-	1,970	18,291	-	50,375	-	-
Intermediate sources	-	-	-	14,500	4,200	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,970	18,291	14,500	54,575	-	-
Disbursements:							
Instruction	-	1,587	-	-	4,471	-	-
Support services	18,691	915	14,427	-	-	299	-
Noninstructional services	-	-	-	259	-	-	-
Facilities acquisition and construction	-	-	-	12,554	-	2,511	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	18,691	2,502	14,427	12,813	4,471	2,810	-
Excess (deficiency) of receipts over disbursements	(18,691)	(532)	3,864	1,687	50,104	(2,810)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,691)	(532)	3,864	1,687	50,104	(2,810)	-
Cash and investments - ending	\$ 87	\$ 382	\$ 22,326	\$ 1,687	\$ 54,575	\$ 277	\$ 153

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Literacy Early Intervention	Early Intervention 17-18	C.A.S.E.	High Ability 15-16	High Ability 16-17	High Ability 17-18	Formative Assessment
Cash and investments - beginning	\$ 2,148	\$ -	\$ 12,953	\$ -	\$ 15,457	\$ -	\$ 6,199
Receipts:							
Local sources	-	-	57,678	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	6,482	-	-	-	29,861	16,465
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	6,482	57,678	-	-	29,861	16,465
Disbursements:							
Instruction	648	4,725	-	-	15,457	22,897	12,705
Support services	1,500	-	56,888	-	-	-	3,760
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	2,148	4,725	56,888	-	15,457	22,897	16,465
Excess (deficiency) of receipts over disbursements	(2,148)	1,757	790	-	(15,457)	6,964	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,148)	1,757	790	-	(15,457)	6,964	-
Cash and investments - ending	\$ -	\$ 1,757	\$ 13,743	\$ -	\$ -	\$ 6,964	\$ 6,199

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Adult and Continuing Education	Secured Schools Safety Grant	Skills Up DWD	Extra- Curricular Activities	School Technology	IMPACT Technology Grant	Career and Technical Performance Grant
Cash and investments - beginning	\$ 30,983	\$ -	\$ -	\$ 37	\$ 3,608	\$ -	\$ 6,176
Receipts:							
Local sources	78,720	-	-	1,155	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	11,010	-	7,605
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	78,720	-	-	1,155	11,010	-	7,605
Disbursements:							
Instruction	49,052	-	4,692	-	-	-	100
Support services	-	-	-	-	13,295	-	5,500
Noninstructional services	-	-	-	1,156	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	49,052	-	4,692	1,156	13,295	-	5,600
Excess (deficiency) of receipts over disbursements	29,668	-	(4,692)	(1)	(2,285)	-	2,005
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	28,490	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	28,490	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	58,158	-	(4,692)	(1)	(2,285)	-	2,005
Cash and investments - ending	\$ 89,141	\$ -	\$ (4,692)	\$ 36	\$ 1,323	\$ -	\$ 8,181

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Insurance Consortium	Vocational Business Administration	Title I 15-16	Title I 16-17	Title I 17-18	Special Education Preschool 16-17	Special Education Preschool 17-18
Cash and investments - beginning	\$ 7,794	\$ 102,977	\$ -	\$ (76,685)	\$ -	\$ -	\$ -
Receipts:							
Local sources	87,712	109,986	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	169,839	6,709	-	181,902
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	87,712	109,986	-	169,839	6,709	-	181,902
Disbursements:							
Instruction	-	-	-	75,238	89,477	-	181,902
Support services	91,508	38,014	-	17,916	29,131	-	-
Noninstructional services	-	-	-	-	1,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	91,508	38,014	-	93,154	119,608	-	181,902
Excess (deficiency) of receipts over disbursements	(3,796)	71,972	-	76,685	(112,899)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,796)	71,972	-	76,685	(112,899)	-	-
Cash and investments - ending	\$ 3,998	\$ 174,949	\$ -	\$ -	\$ (112,899)	\$ -	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Perkins Local Rural Grant 16-17	Perkins CTE Basic 16-17	Perkins Reserve Grant 17-18	Perkins Grant 15-16	Perkins Grant 16-17	Perkins Career and Tech Ed 2017	Adult Education 15-16
Cash and investments - beginning	\$ -	\$ (65,486)	\$ -	\$ -	\$ (28,275)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	150,000	100,000	-	87,173	275,891	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	150,000	100,000	-	87,173	275,891	-
Disbursements:							
Instruction	-	-	100,000	-	-	-	-
Support services	-	-	-	-	58,898	295,176	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	84,514	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	84,514	100,000	-	58,898	295,176	-
Excess (deficiency) of receipts over disbursements	-	65,486	-	-	28,275	(19,285)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	65,486	-	-	28,275	(19,285)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,285)	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Adult Education 16-17	Adult Education 17-18	Special Education IDEA Grant 15-16	Special Education IDEA Grant 16-17	Special Education IDEA Grant 17-18	Title II Part A 15-16
Cash and investments - beginning	\$ (166,393)	\$ -	\$ -	\$ (325,070)	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	402,313	-	-	-	-
Federal sources	220,332	54,341	-	764,047	5,365,407	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	220,332	456,654	-	764,047	5,365,407	-
Disbursements:						
Instruction	19,526	504,953	-	330,631	4,480,208	-
Support services	5,923	171,621	-	108,346	1,220,795	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	25,449	676,574	-	438,977	5,701,003	-
Excess (deficiency) of receipts over disbursements	194,883	(219,920)	-	325,070	(335,596)	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(28,490)	-	-	-	-	-
Total other financing sources (uses)	(28,490)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	166,393	(219,920)	-	325,070	(335,596)	-
Cash and investments - ending	\$ -	\$ (219,920)	\$ -	\$ -	\$ (335,596)	\$ -

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title II Part A 16-17	Title II Part A 17-18	Payroll Clearing	Prepaid Student Lunch Fees	Non-Revenue Zero	Totals
Cash and investments - beginning	\$ (1,440)	\$ -	\$ 1,074	\$ 8,231	\$ -	\$ 11,865,338
Receipts:						
Local sources	-	-	-	-	-	16,775,509
Intermediate sources	-	-	-	-	-	18,730
State sources	-	-	-	-	-	10,157,103
Federal sources	5,919	30,051	-	-	-	7,803,127
Temporary loans	-	-	-	-	-	2,414,672
Interfund loans	-	-	-	-	-	141,792
Other receipts	-	-	19,495,969	-	42,266	19,541,914
Total receipts	5,919	30,051	19,495,969	-	42,266	56,852,847
Disbursements:						
Instruction	-	540	-	-	-	16,824,946
Support services	4,479	31,002	-	-	-	13,402,062
Noninstructional services	-	-	-	-	-	1,033,445
Facilities acquisition and construction	-	-	-	-	-	1,289,697
Debt service	-	-	-	-	-	4,618,773
Nonprogrammed charges	-	-	19,492,830	1,266	42,266	19,536,362
Interfund loans	-	-	-	-	-	141,792
Total disbursements	4,479	31,542	19,492,830	1,266	42,266	56,847,077
Excess (deficiency) of receipts over disbursements	1,440	(1,491)	3,139	(1,266)	-	5,770
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	1,999,373
Sale of capital assets	-	-	-	-	-	246,407
Transfers in	-	-	-	-	-	328,490
Transfers out	-	-	-	-	-	(328,490)
Total other financing sources (uses)	-	-	-	-	-	2,245,780
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,440	(1,491)	3,139	(1,266)	-	2,251,550
Cash and investments - ending	\$ -	\$ (1,491)	\$ 4,213	\$ 6,965	\$ -	\$ 14,116,888

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
DeKalb Eastern High School Building Corporation	First Mortgage Bonds Series 2018	\$ <u>1,247,500</u>	6/15/2018	6/30/2021

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	General Obligation Bonds Series 2017	\$ 1,005,000	\$ 1,015,050
Tax anticipation warrants	Indiana Bond Bank	<u>2,292,057</u>	<u>2,336,340</u>
Totals		<u>\$ 3,297,057</u>	<u>\$ 3,351,390</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,837,991
Buildings	28,566,804
Improvements other than buildings	831,868
Machinery, equipment, and vehicles	7,433,955
Books and other	<u>4,112,589</u>
 Total capital assets	 <u><u>\$ 42,783,207</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the DeKalb County Eastern Community School District's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016 to June 30, 2018.

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


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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

February 26, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 6-30-2017	Total Federal Awards Expended 6-30-2017	Passed Through to Subrecipient 6-30-2018	Total Federal Awards Expended 6-30-2018
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2016-2017	\$ -	\$ 72,379	\$ -	\$ -
			FY 2017-2018	-	-	-	72,355
Total - School Breakfast Program				-	72,379	-	72,355
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2016-2017	-	322,188	-	-
			FY 2017-2018	-	-	-	319,161
Commodities			FY 2016-2017	-	73,949	-	-
Commodities			FY 2017-2018	-	-	-	61,134
Total - National School Lunch Program				-	396,137	-	380,295
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2016-2017	-	17,052	-	-
			FY 2017-2018	-	-	-	22,585
Total - Summer Food Service Program for Children				-	17,052	-	22,585
Total - Child Nutrition Cluster				-	485,568	-	475,235
Total - Department of Agriculture				-	485,568	-	475,235
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-044-PN01	-	54,480	-	-
			14217-044-PN01	-	277,965	-	46,970
			18611-044-PN01	-	-	-	272,547
Total - Special Education Grants to States				-	332,445	-	319,517
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45717-044-PN01	-	7,837	-	-
			18619-044-PN01	-	-	-	7,540
Total - Special Education Preschool Grants				-	7,837	-	7,540
Total - Special Education Cluster (IDEA)				-	340,282	-	327,057

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 6-30-2017	Total Federal Awards Expended 6-30-2017	Passed Through to Subrecipient 6-30-2018	Total Federal Awards Expended 6-30-2018
Adult Education - Basic Grants to States	Northeast Indiana Regional Workforce Investment Board	84.002	AE-Impact-2016-01	-	328,084	-	-
			AE-Impact-2017-01	-	-	-	264,982
Total - Adult Education - Basic Grants to States				-	328,084	-	264,982
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	S010A150014	-	221,591	-	-
			S010A160014	-	28,860	-	169,839
			S010A170014	-	-	-	6,709
Total - Title I Grants to Local Educational Agencies				-	250,451	-	176,548
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048	15-4700-1805	-	63,172	-	-
			16-4700-1805	-	248,366	-	87,173
			17-4700-1805	-	-	-	275,891
			A58-7-17CI-3978	-	83,000	-	-
			A58-7-17CI-4358	-	-	-	150,000
			A58-8-18CI-5034	-	-	-	100,000
Total - Career and Technical Education -- Basic Grants to States				-	394,538	-	613,064
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	15-1805	-	3,062	-	-
			16-1805	-	17,435	-	5,919
			17-1805	-	-	-	30,051
Total - Supporting Effective Instruction State Grants				-	20,497	-	35,970
Total - Department of Education				-	1,333,852	-	1,417,621
Total federal awards expended				\$ -	\$ 1,819,420	\$ -	\$ 1,892,856

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Northeast Indiana Special Education Cooperative (NEISEC)

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

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

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.048	Child Nutrition Cluster Career and Technical Education -- Basic Grants to States	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

Condition

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

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

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

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$73,949 and \$61,134, for the periods ending June 30, 2017 and 2018, respectively, due to the omission of the National School Lunch Program Commodities.
2. The Special Education Cluster (IDEA) expenditures were overstated by \$5,730,654 and \$5,984,299, for the periods June 30, 2017 and 2018, respectively, due to reporting the amounts for the entire Northeast Indiana Special Education Cooperative.

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

Criteria

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

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

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

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

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

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Recommendation

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

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: FY 2014-15, FY 2015-16

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

Contact Person Responsible for Corrective Action: Maria Conwell, Business Manager

Contact Phone Number: 260-868-2125

Status of Audit Finding: The Business Manager reviews Federal Program names, CFDA numbers and Identifying Numbers for Federal Grants prior to the completion of the SEFA by utilizing approval letters and the CFDA website. The commodities were previously excluded, and the commodities website entries will be reviewed with the Business Manager by the Food Service Director and then added to the SEFA. Receipt and gross amounts are reviewed by the Bookkeeper or Superintendent for accuracy.

FINDING 2016-002

Fiscal year in which the finding initially occurred: FY 2014-15, FY 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture

Contact Person Responsible for Corrective Action: Sherrie Curcio, Food Service Director

Contact Phone Number: 260-868-2186

Status of Audit Finding: The Food Service Director runs the food service balance every three months and signs off. The Food Manager reviews quarterly for accuracy and signs off on report. The Business Manager sends the updated balances to the Food Service Director monthly upon reconciliation. The School Board reviews the food service bids from Region 8 once awarded and adopts these bids. Cashiers print daily totals, verify accuracy, and sign off on totals. The Food Service Director verifies monthly reports prior to submission to the Business Manager or district Bookkeeper for review. The Food Manager reviews and certifies the School Food Authority Verification Collection Reports after they are completed by the Food Service Director. The Annual Financial Report is reviewed by the Food Manager after the Food Service Director completes the form and prior to submission.

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY 2014-15, FY 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture

Contact Person Responsible for Corrective Action: Sherrie Curcio, Food Service Director

Contact Phone Number: 260-868-2186

Status of Audit Finding: The Food Service Director enters applications for Free and Reduced Price (NSLP) and the applications are reviewed for accuracy by the Food Manager. Signatures or initials are provided on the applications for proof of review.

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



DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT

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FINDING 2016-004

Fiscal year in which the finding initially occurred: FY 2014-15, FY 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture

Contact Person Responsible for Corrective Action: Sherrie Curcio, Food Service Director

Contact Phone Number: 260-868-2186

Status of Audit Finding: The Paid Lunch Equity calculation is prepared by the Food Service Director and reviewed by the Food Manager. Signatures or initials are provided for proof of review.

FINDING 2016-005

Fiscal year in which the finding initially occurred: FY 2014-15, FY 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture

Contact Person Responsible for Corrective Action: Sherrie Curcio, Food Service Director

Contact Phone Number: 260-868-2186

Status of Audit Finding: The Food Service Director verifies the direct certification students and letters are sent to parents of direct certification students. A hard copy of the direct certification student list is provided to the Food Manager to verify and certify letters were sent out.

FINDING 2016-006

Fiscal year in which the finding initially occurred: FY 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education

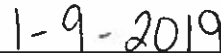
Contact Person Responsible for Corrective Action: Mary Burton, NEISEC Director

Contact Phone Number: 260-347-5236

Status of Audit Finding: The NEISEC Director prints off and signs all Semi-Annual Certifications as proof of review. Payroll records for individual employees show funding allocations from IDEA part B and IDEA Preschool grants.



Maria Conwell
Business Manager



Date

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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CORRECTIVE ACTION PLAN

FINDING 2018-001

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

Views of Responsible Official: The responsible official concurs with the finding.

Description of Corrective Action Plan: The Business official will make every effort to comply with Finding 2018-001 by instituting a system of internal controls for SEFA reporting. This process will include adding the National School Lunch Program Commodities on future SEFA reporting. The Special Education clusters expenses will be reported solely for DeKalb Eastern on the SEFA. A second representative in the Business office will review the amounts on the SEFA prior to submission.

Anticipated Completion Date: Ongoing



(Signature)

Business Manager

(Title)

02/26/2019

(Date)

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



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/>.