

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ADAMS CENTRAL COMMUNITY SCHOOLS
ADAMS COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/20/2016

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Pamela S. Hawbaker Dawn M. Cook | 07-01-12 to 12-31-14 01-01-15 to 06-30-16 |
| Superintendent of Schools | Michael E. Pettibone Dr. Lori M. Stiglitz | 07-01-12 to 06-30-13 07-01-13 to 06-30-16 |
| President of the School Board | George W. Kuntzman Brian L. Tonner George W. Kuntzman John D. Sipe | 07-01-12 to 12-31-13 01-01-14 to 03-10-15 03-11-15 to 06-09-15 06-10-15 to 12-31-16 |



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

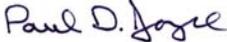
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 7, 2016



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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 ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS 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 Adams Central Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 7, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

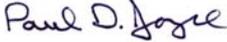
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2014-001.

Adams Central Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 7, 2016

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

| | Cash and Investments 07-01-12 | | Other Financing Sources (Uses) | | Cash and Investments 06-30-13 | | Other Financing Sources (Uses) | | Cash and Investments 06-30-14 | |
|---|----------------------------------|----------------------|-----------------------------------|---------------|----------------------------------|----------------------|-----------------------------------|------------------|----------------------------------|---------------|
| | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements | Receipts | Disbursements |
| General | \$ 483,218 | \$ 6,999,001 | \$ 6,975,205 | \$ - | \$ 507,014 | \$ 7,136,633 | \$ 6,903,153 | \$ 93,330 | \$ 833,824 | \$ - |
| Debt Service | 496,075 | 1,020,453 | 978,363 | (90,000) | 448,165 | 1,147,121 | 1,037,372 | (105,000) | 452,914 | - |
| Capital Projects | 171,931 | 1,043,011 | 920,952 | (66,000) | 227,990 | 1,043,590 | 968,975 | (36,000) | 266,605 | - |
| School Transportation | 52,651 | 724,561 | 668,581 | - | 108,631 | 723,929 | 690,472 | (30,000) | 112,088 | - |
| School Bus Replacement | 128,964 | 175,503 | 175,147 | - | 129,320 | 180,518 | 165,088 | (11,000) | 133,750 | - |
| Rainy Day | 647,601 | - | 218,857 | 156,000 | 584,744 | - | 18,584 | 182,000 | 748,160 | - |
| Construction | 4,944 | - | 4,944 | - | - | - | - | - | - | - |
| School Lunch | 183,735 | 518,311 | 468,036 | - | 234,010 | 519,666 | 486,229 | - | 267,447 | - |
| Textbook Rental | 48,535 | 121,530 | 86,921 | - | 83,144 | 132,951 | 110,515 | - | 105,580 | - |
| Self-Insurance | - | 13,509 | 2,145 | - | 11,364 | 15,608 | 6,253 | - | 20,719 | - |
| Child Care Program | - | 49,128 | 47,638 | - | 1,490 | 59,473 | 53,844 | - | 7,119 | - |
| Gifts and Donations | 582 | - | 230 | - | 352 | 24 | 325 | - | 51 | - |
| Scholarships and Awards | 547 | 4,634 | 4,186 | - | 995 | 217 | - | - | 1,212 | - |
| Building Trades | 660 | 213,865 | 214,004 | - | 521 | 73,063 | 73,586 | - | (2) | - |
| High Ability 2011-12 | 7,572 | 28,633 | 32,861 | - | 3,344 | 28,703 | 28,144 | - | 3,903 | - |
| Education Technology | - | 111,300 | 111,300 | - | - | - | - | - | - | - |
| Secured Schools Safety Grant | - | - | - | - | - | - | 39,807 | - | (39,807) | - |
| Non-English Speaking Programs P.L. 273-1999 | 35 | 1,697 | 1,671 | - | 61 | 2,570 | 2,632 | - | (1) | - |
| State Connectivity Grant | 655 | 9,978 | 6,467 | - | 4,166 | 8,837 | 10,691 | - | 2,312 | - |
| Cell Grant | 10,173 | - | - | - | 10,173 | - | 3,794 | - | 6,379 | - |
| New Tech HS | 212 | 76,353 | 63,359 | - | 13,206 | - | 13,206 | - | - | - |
| SAAC SAP Grant 2007-08 | 1,131 | - | 1,131 | - | - | - | - | - | - | - |
| SAAC SAP Grant 2008-09 | 5,711 | - | 4,630 | - | 1,081 | - | 1,081 | - | - | - |
| SAAC SAP 2013 | - | 4,750 | - | - | 4,750 | - | 4,599 | - | 151 | - |
| SAAC SAP 2014-15 | - | - | - | - | - | 3,150 | - | - | 3,150 | - |
| Title I 2011-12 | (28,531) | 279,451 | 250,922 | - | (2) | - | - | - | (2) | - |
| Title I 2012-13 | - | 731,526 | 779,848 | - | (48,322) | 286,500 | 238,179 | - | (1) | - |
| Title I 2013-14 | - | - | - | - | - | 614,667 | 647,803 | - | (33,136) | - |
| Area 18 Vocational 2011-12 | - | 18,493 | 17,490 | - | 1,003 | 12,783 | 13,786 | - | - | - |
| PLTW/Tech Prep Grant 2010-11; 11-12 | 18 | - | - | - | 18 | - | 18 | - | - | - |
| Improving Teaching Quality, No Child Left, Title II, Part A | (2,212) | 38,261 | 38,916 | - | (2,867) | 41,674 | 41,796 | - | (2,989) | - |
| Rural Schools and Low Income Program - Pass Through State | - | 36,821 | 36,821 | - | - | 14,492 | 26,555 | - | (12,063) | - |
| Safe Students/Healthy Schools | - | 450 | 450 | - | - | - | - | - | - | - |
| Safe School/Healthy Child/Training | - | 23,450 | 9,853 | - | 13,597 | - | 13,598 | - | (1) | - |
| Qualified School Construction Bond | 371,661 | 251,500 | 503,000 | - | 120,161 | 463,012 | 484,892 | - | 98,281 | - |
| Clearing | 12,506 | 2,078,995 | 2,077,931 | - | 13,570 | 2,121,637 | 2,094,433 | - | 40,774 | - |
| Totals | \$ 2,598,374 | \$ 14,575,164 | \$ 14,701,859 | \$ - | \$ 2,471,679 | \$ 14,630,818 | \$ 14,179,410 | \$ 93,330 | \$ 3,016,417 | \$ - |

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Temporary loans which include money 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.

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

E. Disbursements

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

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

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

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

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

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

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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, 2014.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with Adams Central Elementary 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 years ended June 30, 2013 and 2014, totaled \$1,330,050 and \$1,353,050, respectively.

Note 9. *Subsequent Events*

On July 22, 2015, the School Corporation received \$1,915,000 in General Obligation Bonds to provide funds to pay for facility renovations, remodel and upgrade projects.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

| | General | Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction | School Lunch |
|---|-------------------|-------------------|---------------------|--------------------------|------------------------------|-------------------|----------------|-------------------|
| Cash and investments - beginning | \$ 483,218 | \$ 496,075 | \$ 171,931 | \$ 52,651 | \$ 128,964 | \$ 647,601 | \$ 4,944 | \$ 183,735 |
| Receipts: | | | | | | | | |
| Local sources | 51,018 | 1,020,453 | 1,036,791 | 723,442 | 175,503 | - | - | 341,158 |
| Intermediate sources | 111 | - | - | - | - | - | - | - |
| State sources | 6,929,663 | - | - | - | - | - | - | 8,047 |
| Federal sources | - | - | - | - | - | - | - | 168,029 |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | 18,209 | - | 6,220 | 1,119 | - | - | - | 1,077 |
| Total receipts | <u>6,999,001</u> | <u>1,020,453</u> | <u>1,043,011</u> | <u>724,561</u> | <u>175,503</u> | <u>-</u> | <u>-</u> | <u>518,311</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 4,748,113 | - | - | - | - | 188,481 | - | - |
| Support services | 2,009,405 | - | 429,833 | 668,581 | 175,147 | 30,376 | - | 180 |
| Noninstructional services | 217,687 | - | - | - | - | - | - | 448,644 |
| Facilities acquisition and construction | - | - | 491,119 | - | - | - | 4,944 | 19,212 |
| Debt services | - | 978,363 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>6,975,205</u> | <u>978,363</u> | <u>920,952</u> | <u>668,581</u> | <u>175,147</u> | <u>218,857</u> | <u>4,944</u> | <u>468,036</u> |
| Excess (deficiency) of receipts over disbursements | <u>23,796</u> | <u>42,090</u> | <u>122,059</u> | <u>55,980</u> | <u>356</u> | <u>(218,857)</u> | <u>(4,944)</u> | <u>50,275</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | 156,000 | - | - |
| Transfers out | - | (90,000) | (66,000) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(90,000)</u> | <u>(66,000)</u> | <u>-</u> | <u>-</u> | <u>156,000</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>23,796</u> | <u>(47,910)</u> | <u>56,059</u> | <u>55,980</u> | <u>356</u> | <u>(62,857)</u> | <u>(4,944)</u> | <u>50,275</u> |
| Cash and investments - ending | <u>\$ 507,014</u> | <u>\$ 448,165</u> | <u>\$ 227,990</u> | <u>\$ 108,631</u> | <u>\$ 129,320</u> | <u>\$ 584,744</u> | <u>\$ -</u> | <u>\$ 234,010</u> |

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

| | Textbook Rental | Self- Insurance | Child Care Program | Gifts and Donations | Scholarships and Awards | Building Trades | High Ability 2011-12 | Education Technology |
|---|--------------------|--------------------|--------------------------|---------------------------|-------------------------------|--------------------|----------------------------|-------------------------|
| Cash and investments - beginning | \$ 48,535 | \$ - | \$ - | \$ 582 | \$ 547 | \$ 660 | \$ 7,572 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 97,463 | 13,509 | 49,128 | - | 4,634 | 146,670 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 24,067 | - | - | - | - | 195 | 28,633 | 111,300 |
| Federal sources | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | 67,000 | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>121,530</u> | <u>13,509</u> | <u>49,128</u> | <u>-</u> | <u>4,634</u> | <u>213,865</u> | <u>28,633</u> | <u>111,300</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 142,217 | 32,861 | - |
| Support services | 86,921 | 2,145 | - | 230 | - | - | - | 111,300 |
| Noninstructional services | - | - | 47,638 | - | 4,186 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | 71,787 | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>86,921</u> | <u>2,145</u> | <u>47,638</u> | <u>230</u> | <u>4,186</u> | <u>214,004</u> | <u>32,861</u> | <u>111,300</u> |
| Excess (deficiency) of receipts over disbursements | <u>34,609</u> | <u>11,364</u> | <u>1,490</u> | <u>(230)</u> | <u>448</u> | <u>(139)</u> | <u>(4,228)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>34,609</u> | <u>11,364</u> | <u>1,490</u> | <u>(230)</u> | <u>448</u> | <u>(139)</u> | <u>(4,228)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 83,144</u> | <u>\$ 11,364</u> | <u>\$ 1,490</u> | <u>\$ 352</u> | <u>\$ 995</u> | <u>\$ 521</u> | <u>\$ 3,344</u> | <u>\$ -</u> |

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

| | Secured Schools Safety Grant | Non-English Speaking Programs P.L. 273-1999 | State Connectivity Grant | Cell Grant | New Tech HS | SAAC SAP Grant 2007-08 | SAAC SAP Grant 2008-09 |
|---|---------------------------------------|--|--------------------------------|------------------|-------------------|------------------------------|------------------------------|
| Cash and investments - beginning | \$ - | \$ 35 | \$ 655 | \$ 10,173 | \$ 212 | \$ 1,131 | \$ 5,711 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 1,697 | 9,978 | - | 76,353 | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 1,697 | 9,978 | - | 76,353 | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 1,671 | - | - | - | 1,131 | 4,630 |
| Support services | - | - | 6,467 | - | 63,359 | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | 1,671 | 6,467 | - | 63,359 | 1,131 | 4,630 |
| Excess (deficiency) of receipts over disbursements | - | 26 | 3,511 | - | 12,994 | (1,131) | (4,630) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 26 | 3,511 | - | 12,994 | (1,131) | (4,630) |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 61</u> | <u>\$ 4,166</u> | <u>\$ 10,173</u> | <u>\$ 13,206</u> | <u>\$ -</u> | <u>\$ 1,081</u> |

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

| | SAAC SAP 2013 | SAAC SAP 2014-15 | Title I 2011-12 | Title I 2012-13 | Title I 2013-14 | Area 18 Vocational 2011-12 | PLTW/Tech Prep Grant 2010-11; 11-12 |
|---|------------------|---------------------|--------------------|--------------------|--------------------|----------------------------------|---|
| Cash and investments - beginning | \$ - | \$ - | \$ (28,531) | \$ - | \$ - | \$ - | \$ 18 |
| Receipts: | | | | | | | |
| Local sources | 4,750 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | 279,451 | 731,526 | - | 18,493 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | <u>4,750</u> | <u>-</u> | <u>279,451</u> | <u>731,526</u> | <u>-</u> | <u>18,493</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | 225,469 | 667,990 | - | 17,490 | - |
| Support services | - | - | 22,417 | 90,031 | - | - | - |
| Noninstructional services | - | - | 3,036 | 21,827 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | <u>-</u> | <u>-</u> | <u>250,922</u> | <u>779,848</u> | <u>-</u> | <u>17,490</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,750</u> | <u>-</u> | <u>28,529</u> | <u>(48,322)</u> | <u>-</u> | <u>1,003</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>4,750</u> | <u>-</u> | <u>28,529</u> | <u>(48,322)</u> | <u>-</u> | <u>1,003</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 4,750</u> | <u>\$ -</u> | <u>\$ (2)</u> | <u>\$ (48,322)</u> | <u>\$ -</u> | <u>\$ 1,003</u> | <u>\$ 18</u> |

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

| | Improving Teaching Quality, No Child Left, Title II, Part A | Rural Schools and Low Income Program - Pass Through State | Safe Students/ Healthy Schools | Safe School/ Healthy Child/ Training | Qualified School Construction Bond | Clearing | Totals |
|---|--|--|--------------------------------------|--|---|------------------|---------------------|
| Cash and investments - beginning | \$ (2,212) | \$ - | \$ - | \$ - | \$ 371,661 | \$ 12,506 | \$ 2,598,374 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 3,664,519 |
| Intermediate sources | - | - | - | - | - | - | 111 |
| State sources | - | - | - | - | - | - | 7,189,933 |
| Federal sources | 38,261 | 36,821 | 450 | 23,450 | 251,500 | - | 1,547,981 |
| Temporary loans | - | - | - | - | - | - | 67,000 |
| Other | - | - | - | - | - | 2,078,995 | 2,105,620 |
| Total receipts | <u>38,261</u> | <u>36,821</u> | <u>450</u> | <u>23,450</u> | <u>251,500</u> | <u>2,078,995</u> | <u>14,575,164</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 38,916 | - | - | - | - | - | 6,068,969 |
| Support services | - | 36,821 | 450 | 9,853 | - | - | 3,743,516 |
| Noninstructional services | - | - | - | - | - | - | 743,018 |
| Facilities acquisition and construction | - | - | - | - | - | - | 515,275 |
| Debt services | - | - | - | - | 503,000 | - | 1,553,150 |
| Nonprogrammed charges | - | - | - | - | - | 2,077,931 | 2,077,931 |
| Total disbursements | <u>38,916</u> | <u>36,821</u> | <u>450</u> | <u>9,853</u> | <u>503,000</u> | <u>2,077,931</u> | <u>14,701,859</u> |
| Excess (deficiency) of receipts over disbursements | <u>(655)</u> | <u>-</u> | <u>-</u> | <u>13,597</u> | <u>(251,500)</u> | <u>1,064</u> | <u>(126,695)</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | 156,000 |
| Transfers out | - | - | - | - | - | - | (156,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(655)</u> | <u>-</u> | <u>-</u> | <u>13,597</u> | <u>(251,500)</u> | <u>1,064</u> | <u>(126,695)</u> |
| Cash and investments - ending | <u>\$ (2,867)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,597</u> | <u>\$ 120,161</u> | <u>\$ 13,570</u> | <u>\$ 2,471,679</u> |

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

| | General | Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction | School Lunch |
|---|-------------------|-------------------|---------------------|--------------------------|------------------------------|-------------------|--------------|-------------------|
| Cash and investments - beginning | \$ 507,014 | \$ 448,165 | \$ 227,990 | \$ 108,631 | \$ 129,320 | \$ 584,744 | \$ - | \$ 234,010 |
| Receipts: | | | | | | | | |
| Local sources | 40,505 | 1,147,121 | 1,037,317 | 723,929 | 180,518 | - | - | 343,325 |
| Intermediate sources | 113 | - | - | - | - | - | - | - |
| State sources | 7,084,957 | - | - | - | - | - | - | 7,848 |
| Federal sources | - | - | - | - | - | - | - | 168,318 |
| Other | 11,058 | - | 6,273 | - | - | - | - | 175 |
| Total receipts | <u>7,136,633</u> | <u>1,147,121</u> | <u>1,043,590</u> | <u>723,929</u> | <u>180,518</u> | <u>-</u> | <u>-</u> | <u>519,666</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 4,868,841 | - | - | - | - | 18,584 | - | - |
| Support services | 1,828,467 | - | 495,404 | 690,472 | 165,088 | - | - | 15,175 |
| Noninstructional services | 205,845 | - | - | - | - | - | - | 462,534 |
| Facilities acquisition and construction | - | - | 473,571 | - | - | - | - | 8,520 |
| Debt services | - | 1,037,372 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>6,903,153</u> | <u>1,037,372</u> | <u>968,975</u> | <u>690,472</u> | <u>165,088</u> | <u>18,584</u> | <u>-</u> | <u>486,229</u> |
| Excess (deficiency) of receipts over disbursements | <u>233,480</u> | <u>109,749</u> | <u>74,615</u> | <u>33,457</u> | <u>15,430</u> | <u>(18,584)</u> | <u>-</u> | <u>33,437</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | 93,330 | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | 182,000 | - | - |
| Transfers out | - | (105,000) | (36,000) | (30,000) | (11,000) | - | - | - |
| Total other financing sources (uses) | <u>93,330</u> | <u>(105,000)</u> | <u>(36,000)</u> | <u>(30,000)</u> | <u>(11,000)</u> | <u>182,000</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>326,810</u> | <u>4,749</u> | <u>38,615</u> | <u>3,457</u> | <u>4,430</u> | <u>163,416</u> | <u>-</u> | <u>33,437</u> |
| Cash and investments - ending | <u>\$ 833,824</u> | <u>\$ 452,914</u> | <u>\$ 266,605</u> | <u>\$ 112,088</u> | <u>\$ 133,750</u> | <u>\$ 748,160</u> | <u>\$ -</u> | <u>\$ 267,447</u> |

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

| | Textbook Rental | Self- Insurance | Child Care Program | Gifts and Donations | Scholarships and Awards | Building Trades | High Ability 2011-12 | Education Technology |
|---|--------------------|--------------------|--------------------------|---------------------------|-------------------------------|--------------------|----------------------------|-------------------------|
| Cash and investments - beginning | \$ 83,144 | \$ 11,364 | \$ 1,490 | \$ 352 | \$ 995 | \$ 521 | \$ 3,344 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 108,316 | 15,608 | 59,473 | 24 | 217 | 72,401 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 24,635 | - | - | - | - | 662 | 28,703 | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 132,951 | 15,608 | 59,473 | 24 | 217 | 73,063 | 28,703 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | 5,598 | 28,144 | - |
| Support services | 110,515 | 6,253 | - | 325 | - | - | - | - |
| Noninstructional services | - | - | 53,844 | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | 67,988 | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 110,515 | 6,253 | 53,844 | 325 | - | 73,586 | 28,144 | - |
| Excess (deficiency) of receipts over disbursements | 22,436 | 9,355 | 5,629 | (301) | 217 | (523) | 559 | - |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 22,436 | 9,355 | 5,629 | (301) | 217 | (523) | 559 | - |
| Cash and investments - ending | \$ 105,580 | \$ 20,719 | \$ 7,119 | \$ 51 | \$ 1,212 | \$ (2) | \$ 3,903 | \$ - |

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

| | Secured Schools Safety Grant | Non-English Speaking Programs P.L. 273-1999 | State Connectivity Grant | Cell Grant | New Tech HS | SAAC SAP Grant 2007-08 | SAAC SAP Grant 2008-09 |
|---|---------------------------------------|--|--------------------------------|-----------------|-------------------|------------------------------|------------------------------|
| Cash and investments - beginning | \$ - | \$ 61 | \$ 4,166 | \$ 10,173 | \$ 13,206 | \$ - | \$ 1,081 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 2,570 | 8,837 | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 2,570 | 8,837 | - | - | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 2,632 | - | - | - | - | 1,081 |
| Support services | 39,807 | - | 10,691 | 3,794 | 13,206 | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 39,807 | 2,632 | 10,691 | 3,794 | 13,206 | - | 1,081 |
| Excess (deficiency) of receipts over disbursements | (39,807) | (62) | (1,854) | (3,794) | (13,206) | - | (1,081) |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (39,807) | (62) | (1,854) | (3,794) | (13,206) | - | (1,081) |
| Cash and investments - ending | <u>\$ (39,807)</u> | <u>\$ (1)</u> | <u>\$ 2,312</u> | <u>\$ 6,379</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | SAAC SAP 2013 | SAAC SAP 2014-15 | Title I 2011-12 | Title I 2012-13 | Title I 2013-14 | Area 18 Vocational 2011-12 | PLTW/Tech Prep Grant 2010-11; 11-12 |
|---|------------------|---------------------|--------------------|--------------------|--------------------|----------------------------------|---|
| Cash and investments - beginning | \$ 4,750 | \$ - | \$ (2) | \$ (48,322) | \$ - | \$ 1,003 | \$ 18 |
| Receipts: | | | | | | | |
| Local sources | - | 3,150 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | 286,500 | 614,667 | 12,783 | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 3,150 | - | 286,500 | 614,667 | 12,783 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 4,599 | - | - | 213,814 | 555,246 | 13,786 | 18 |
| Support services | - | - | - | 23,232 | 79,987 | - | - |
| Noninstructional services | - | - | - | 1,133 | 12,570 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 4,599 | - | - | 238,179 | 647,803 | 13,786 | 18 |
| Excess (deficiency) of receipts over disbursements | (4,599) | 3,150 | - | 48,321 | (33,136) | (1,003) | (18) |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (4,599) | 3,150 | - | 48,321 | (33,136) | (1,003) | (18) |
| Cash and investments - ending | \$ 151 | \$ 3,150 | \$ (2) | \$ (1) | \$ (33,136) | \$ - | \$ - |

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

| | Improving Teaching Quality, No Child Left, Title II, Part A | Rural Schools and Low Income Program - Pass Through State | Safe Students/ Healthy Schools | Safe School/ Healthy Child/ Training | Qualified School Construction Bond | Clearing | Totals |
|---|--|--|--------------------------------------|--|---|-----------|--------------|
| Cash and investments - beginning | \$ (2,867) | \$ - | \$ - | \$ 13,597 | \$ 120,161 | \$ 13,570 | \$ 2,471,679 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 3,731,904 |
| Intermediate sources | - | - | - | - | - | - | 113 |
| State sources | - | - | - | - | - | - | 7,158,212 |
| Federal sources | 41,674 | 14,492 | - | - | 463,012 | - | 1,601,446 |
| Other | - | - | - | - | - | 2,121,637 | 2,139,143 |
| Total receipts | 41,674 | 14,492 | - | - | 463,012 | 2,121,637 | 14,630,818 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 41,796 | - | - | - | - | - | 5,754,139 |
| Support services | - | 26,555 | - | 13,598 | - | - | 3,522,569 |
| Noninstructional services | - | - | - | - | - | - | 735,926 |
| Facilities acquisition and construction | - | - | - | - | - | - | 482,091 |
| Debt services | - | - | - | - | 484,892 | - | 1,590,252 |
| Nonprogrammed charges | - | - | - | - | - | 2,094,433 | 2,094,433 |
| Total disbursements | 41,796 | 26,555 | - | 13,598 | 484,892 | 2,094,433 | 14,179,410 |
| Excess (deficiency) of receipts over disbursements | (122) | (12,063) | - | (13,598) | (21,880) | 27,204 | 451,408 |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | 93,330 |
| Transfers in | - | - | - | - | - | - | 182,000 |
| Transfers out | - | - | - | - | - | - | (182,000) |
| Total other financing sources (uses) | - | - | - | - | - | - | 93,330 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (122) | (12,063) | - | (13,598) | (21,880) | 27,204 | 544,738 |
| Cash and investments - ending | \$ (2,989) | \$ (12,063) | \$ - | \$ (1) | \$ 98,281 | \$ 40,774 | \$ 3,016,417 |

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

| <u>Government</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|-------------------------|-----------------------------|--------------------------------|
| Governmental activities | <u>\$ 230,003</u> | <u>\$ 91,914</u> |

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--|-------------------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| Adams Central Elementary School Building Corporation | Elementary Renovation | \$ 688,000 | 1/15/2003 | 1/15/2018 |
| Adams Central Elementary School Building Corporation | High/Middle School Renovation | <u>665,050</u> | 6/30/2011 | 1/15/2026 |
| Total of annual lease payments | | <u>\$ 1,353,050</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--------------------------------|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | Swimming Pool Renovation | \$ 330,000 | \$ 117,425 |
| Notes and loans payable | Common School Loan | <u>145,170</u> | <u>53,581</u> |
| Totals | | <u>\$ 475,170</u> | <u>\$ 171,006</u> |

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ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

| | <u>Ending Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities: | |
| Land | \$ 81,669 |
| Buildings | 9,887,870 |
| Improvements other than buildings | 16,282,549 |
| Machinery, equipment, and vehicles | <u>1,807,498</u> |
| Total capital assets | <u>\$ 28,059,586</u> |

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-002 and 2014-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Equipment and Real Property Management that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

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

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated March 9, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster (IDEA) was also audited as a major program due to the change.

Report on Internal Control Over Compliance

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

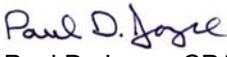
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

April 7, 2016

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.

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

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-13 | Total Federal Awards Expended 06-30-14 |
|---|-------------------------------------|---------------------------|--|---|---|
| <u>Department of Agriculture</u> | | | | | |
| Child Nutrition Cluster | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | | | |
| | | | FY12-13 | \$ 15,386 | \$ - |
| | | | FY13-14 | - | 13,889 |
| | | | | <u>15,386</u> | <u>13,889</u> |
| Total - School Breakfast Program | | | | <u>15,386</u> | <u>13,889</u> |
| National School Lunch Program | Indiana Department of Education | 10.555 | | | |
| | | | FY12-13 | 192,748 | - |
| | | | FY13-14 | - | 221,285 |
| | | | | <u>192,748</u> | <u>221,285</u> |
| Total - National School Lunch Program | | | | <u>192,748</u> | <u>221,285</u> |
| Total - Child Nutrition Cluster | | | | <u>208,134</u> | <u>235,174</u> |
| Total - Department of Agriculture | | | | <u>208,134</u> | <u>235,174</u> |
| <u>Department of Education</u> | | | | | |
| Title I, Part A Cluster | | | | | |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | |
| | | | 12-0015 | 279,451 | - |
| | | | 13-0015 | 731,526 | 286,500 |
| | | | 14-0015 | - | 614,667 |
| | | | | <u>1,010,977</u> | <u>901,167</u> |
| Total - Title I, Part A Cluster | | | | <u>1,010,977</u> | <u>901,167</u> |
| Special Education Cluster (IDEA) | | | | | |
| Special Education - Grants to States | Indiana Department of Education | 84.027 | | | |
| | | | 14213-001-PN01 | 161,518 | 75,560 |
| | | | 14214-001-PN01 | - | 352,651 |
| | | | 99914-001-TA01 | - | 3,695 |
| | | | | <u>161,518</u> | <u>431,906</u> |
| Total - Special Education - Grants to States | | | | <u>161,518</u> | <u>431,906</u> |

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

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

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-13 | Total Federal Awards Expended 06-30-14 |
|---|--|---------------------------|--|---|---|
| <u>Department of Education (continued)</u> | | | | | |
| Special Education Cluster (IDEA) (continued) | | | | | |
| Special Education - Preschool Grants | Indiana Department of Education | 84.173 | | | |
| | | | 14713-001-PN01 | 4,088 | 3,294 |
| | | | 45714-001-PN01 | - | 6,012 |
| Total - Special Education - Preschool Grants | | | | <u>4,088</u> | <u>9,306</u> |
| Total - Special Education Cluster (IDEA) | | | | <u>165,606</u> | <u>441,212</u> |
| Career and Technical Education - Basic Grants to States | Bluffton-Harrison Metropolitan School District | 84.048 | | | |
| | | | 12-4700-8445 | 5,559 | - |
| | | | 13-4700-8445 | 12,934 | - |
| | | | 14-4700-8445 | - | 12,783 |
| Total - Career and Technical Education - Basic Grants to States | | | | <u>18,493</u> | <u>12,783</u> |
| Safe and Drug-Free Schools and Communities - National Programs | North Adams Community Schools | 84.184 | Q184L080330 | 23,900 | - |
| Rural Education | Indiana Department of Education | 84.358 | | | |
| | | | 12-0015 | 27,953 | - |
| | | | 13-0015 | 8,868 | 13,902 |
| | | | 14-0015 | - | 590 |
| Total - Rural Education | | | | <u>36,821</u> | <u>14,492</u> |
| Improving Teacher Quality State Grants | Indiana Department of Education | 84.367 | | | |
| | | | 10-0015 | 571 | - |
| | | | 11-0015 | 37,690 | 5,733 |
| | | | 12-0015 | - | 35,941 |
| Total - Improving Teacher Quality State Grants | | | | <u>38,261</u> | <u>41,674</u> |
| Total - Department of Education | | | | <u>1,294,058</u> | <u>1,411,328</u> |
| Total federal awards expended | | | | <u>\$ 1,502,192</u> | <u>\$ 1,646,502</u> |

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

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

| Program Title | Federal CFDA Number | For the Year Ended June 30, 2013 | For the Year Ended June 30, 2014 |
|--|---------------------------|--|--|
| Child Nutrition Cluster: Food Commodities: National School Lunch Program | 10.555 | \$ <u>40,105</u> | \$ <u>66,856</u> |

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

| | |
|--|--|
| Internal control over major programs: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified for Title I, Part A Cluster and for Special Education Cluster (IDEA); Qualified for Child Nutrition Cluster |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | yes |

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the School Corporation had failed to report any expenditures for FY 2012/2013. Audit adjustments totaling \$1,336,586 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. For FY 2013/2014 the SEFA had under reported \$66,856 in expenditures for National School Lunch Program; over reported \$116,859 in expenditures for Title I Grants to Local Educational Agencies; over reported \$8,278 in expenditures for Rural Education; over reported \$9,653 in expenditures for Improving Teacher Quality State Grants; and incorrectly included \$31,073 of non-federal expenditures. Audit adjustments netting a negative \$99,007 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

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

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

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

**FINDING 2014-002 - INTERNAL CONTROLS AND COMPLIANCE
OVER CASH MANAGEMENT - CHILD NUTRITION CLUSTER**

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

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

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements that have a direct and material effect on the programs. There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements. The failure to establish an effective internal control system allowed noncompliance with the requirements.

The School Corporation Food Service department maintains a cash balance in excess of federal regulations. The average 3 month expenditures of the School Corporation for the school lunch program FY 2013 and FY 2014 were \$140,411 and \$145,869, respectively. The month-end cash balances from the two year audit period ranged from \$171,446 to \$273,813. This compliance requirement was not monitored by the School Lunch Director or by any other employee of the School Corporation.

7 CFR section 210.14(a) states in part: "School food authorities shall maintain a nonprofit school food service."

7 CFR section 210.14(b) states:

"Net cash resources. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR section 210.2 defines net cash resources as:

"Net cash resources means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

The cash balance maintained by the School Corporation resulted in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resource. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal reimbursements.

We recommended that School Corporation officials implement procedures that would limit net cash resources to 3 months' average expenditures and to establish internal controls to ensure that its school food service program is operated as a nonprofit service.

FINDING 2014-003 - INTERNAL CONTROLS AND COMPLIANCE OVER EQUIPMENT AND REAL PROPERTY MANAGEMENT - CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

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

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements that have a direct and material effect on the programs. There were no procedures established to ensure that equipment or property records for equipment purchased from the School Lunch fund were maintained in compliance with the Equipment and Real Property Management requirements. The failure to establish an effective internal control system allowed material non-compliance with the requirements.

The School Corporation did not maintain a listing of equipment purchased from the School Lunch fund. Equipment totaling \$27,732 purchased from the School Lunch fund was not recorded in the equipment and property records of the School Corporation. A physical inventory of the equipment was not taken. These compliance requirements were not monitored by the School Lunch Director or by any other employee of the School Corporation.

7 CFR 3016.32(d) states in part:

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

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

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

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

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

Failure to maintain detailed and accurate property records and to reconcile physical inventory could result in equipment being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. In addition, we recommended that the School Corporation prepare and maintain accurate detailed property records and that inventories of equipment are conducted at least once every two years and reconciled to the detailed property records. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any equipment acquired with federal funds must be designated as such so that they are not disposed of improperly.

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AUDITEE PREPARED DOCUMENTS

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

ADAMS CENTRAL COMMUNITY SCHOOLS

222 West Washington Street, Monroe, IN 46772 • Phone: 260-692-6193

OFFICE OF THE SUPERINTENDENT

Dr. Lori M. Stiglitz



Dawn Cook
Treasurer

Erica Rodewald
Deputy Treasurer

Kelli Fuhrmann
Secretary to Superintendent

CORRECTIVE ACTION PLAN

Below are responses for Adams Central Community Schools 2012-2014 Audit conducted December 28, 2014 through March 9, 2015.

I. Finding 2014-001 – INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action:

Dawn Cook, Corporation Treasurer

Contact Phone Number: (260) 692-6193

Description of Corrective Action Plan: The Corporation Treasurer will continue with the current procedures to ensure completion of the Schedule of Expenditures of Federal Awards. This Schedule was not completed for the beginning of the audit time frame of July 1, 2012; however, it has been completed in the remaining years since then.

Anticipated Completion Date: Ongoing – The Schedule of Expenditure of Federal Awards completion dates have been placed on the school calendar as an event to attend to in July and January of each year. The Treasurer will attend to this report each year and ensure its transmittal prior to the completion date.

II. Finding 2014-002 – INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT – CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number Years: FY 2012/2013, FY 2013/14

Pass Through Entity: Indiana Department of Education



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Description of Corrective Action Plan: Adams Central Community School, in accordance with the checks and balances, will implement a quarterly review for ensuring that balances of the three-month average do not exceed the maximum allowable for a non-profit entity. Excess balances will be used to update and maintain food service equipment and cafeteria facilities to ensure operational efficiency.

Anticipated Completion Date: Ongoing – Michele Barger is presently creating purchase orders for cafeteria improvement items for the spring of 2015. She and Dawn Cook will be doing quarterly reviews of balances with identification of subsequent purchases if funds permit. Dr. Stiglitz will approve purchases as necessary.

III. Finding 2014-003 – INTERNAL CONTROLS AND COMPLIANCE OVER EQUIPMENT AND REAL PROPERTY MANAGEMENT – CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number Years: FY 2012/2013, FY 2013/14
Pass Through Entity: Indiana Department of Education

Description of Corrective Action Plan: The Superintendent will ensure that an Inventory of Capital Assets is implemented. The Treasurer will be working with each building principal and Director to ensure that the details of the inventory are completed in a timely manner.

Anticipated Completion Date: Ongoing – A completed inventory asset will be completed by December 2015 and maintained each subsequent year.



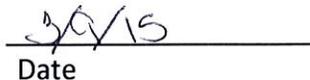
Superintendent



Date



Treasurer



Date



OTHER REPORT

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