

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

AUDIT REPORT

OF

ADAMS CENTRAL COMMUNITY SCHOOLS

ADAMS COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**  
04/08/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy Stucky	07-01-06 to 06-30-09
Superintendent of Schools	Michael Pettibone	07-01-06 to 06-30-09
President of the School Board	Wes Kuntzman Brian Tonner	07-01-06 to 06-30-07 07-01-07 to 06-30-09



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams Central Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 18, 2009, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 18, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams Central Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 18, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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 statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 18, 2009

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,781,036	\$ -	\$ 48,666	\$ (4,732,370)
Support services	4,727,402	375,647	81,348	(4,270,407)
Community services	201,994	-	-	(201,994)
Nonprogrammed charges	534,744	-	-	(534,744)
Debt service	<u>3,398,032</u>	<u>-</u>	<u>-</u>	<u>(3,398,032)</u>
Total governmental activities	<u>\$ 13,643,208</u>	<u>\$ 375,647</u>	<u>\$ 130,014</u>	<u>(13,137,547)</u>
General receipts:				
Property taxes				4,387,798
Other local sources				532,785
State aid				4,119,765
Bonds and loans				2,205,000
Grants and contributions not restricted to specific programs				539,891
Sale of property, adjustments, and refunds				3,382
Investment earnings				<u>182,296</u>
Total general receipts				<u>11,970,917</u>
Change in net assets				(1,166,630)
Net assets - beginning				<u>5,589,246</u>
Net assets - ending				<u>\$ 4,422,616</u>
<u>Assets</u>				
Cash and investments				\$ 3,986,992
Restricted assets:				
Cash and investments				<u>435,624</u>
Total assets				<u>\$ 4,422,616</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 435,624
Unrestricted				<u>3,986,992</u>
Total net assets				<u>\$ 4,422,616</u>

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,729,906	\$ -	\$ 113,006	\$ (4,616,900)
Support services	4,789,455	408,602	87,539	(4,293,314)
Community services	222,394	-	-	(222,394)
Nonprogrammed charges	592,897	-	-	(592,897)
Debt service	<u>2,042,081</u>	<u>-</u>	<u>-</u>	<u>(2,042,081)</u>
Total governmental activities	<u>\$ 12,376,733</u>	<u>\$ 408,602</u>	<u>\$ 200,545</u>	<u>(11,767,586)</u>
General receipts:				
Property taxes				2,202,543
Other local sources				443,490
State aid				3,893,978
Bonds and loans				1,750,000
Grants and contributions not restricted to specific programs				537,588
Sale of property, adjustments, and refunds				6,026
Investment earnings				<u>109,497</u>
Total general receipts				<u>8,943,122</u>
Change in net assets				(2,824,464)
Net assets - beginning				<u>4,422,616</u>
Net assets - ending				<u>\$ 1,598,152</u>
<u>Assets</u>				
Cash and investments				\$ 1,537,928
Restricted assets:				
Cash and investments				<u>60,224</u>
Total assets				<u>\$ 1,598,152</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 60,224
Unrestricted				<u>1,537,928</u>
Total net assets				<u>\$ 1,598,152</u>

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 2,702,027	\$ 594,057	\$ -	\$ 666,269	\$ 992,593	\$ 70,497	\$ -	\$ 452,863	\$ 5,478,306
Intermediate sources	220	-	-	-	-	-	-	-	220
State sources	4,156,507	-	-	-	-	-	-	46,876	4,203,383
Federal sources	-	-	-	-	-	-	-	586,287	586,287
Bonds and loans	912,500	87,500	-	100,000	132,500	12,500	955,000	5,000	2,205,000
Sale of property, adjustments and refunds	3,182	-	-	-	-	-	-	200	3,382
<b>Total receipts</b>	<b>7,774,436</b>	<b>681,557</b>	<b>-</b>	<b>766,269</b>	<b>1,125,093</b>	<b>82,997</b>	<b>955,000</b>	<b>1,091,226</b>	<b>12,476,578</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	4,262,537	-	-	-	-	-	-	518,499	4,781,036
Support services	1,811,935	557,653	-	2,592	1,412,667	-	459,565	482,990	4,727,402
Community services	154,995	-	-	-	-	-	-	46,999	201,994
Nonprogrammed charges	533,160	-	-	-	-	-	-	1,584	534,744
Debt services	1,300,000	300,000	-	1,223,032	500,000	70,000	-	5,000	3,398,032
<b>Total disbursements</b>	<b>8,062,627</b>	<b>857,653</b>	<b>-</b>	<b>1,225,624</b>	<b>1,912,667</b>	<b>70,000</b>	<b>459,565</b>	<b>1,055,072</b>	<b>13,643,208</b>
Excess (deficiency) of receipts over (under) disbursements	(288,191)	(176,096)	-	(459,355)	(787,574)	12,997	495,435	36,154	(1,166,630)
<b>Other financing sources (uses):</b>									
Transfers in	-	-	300,000	-	-	-	-	-	300,000
Transfers out	(265,000)	-	-	(35,000)	-	-	-	-	(300,000)
<b>Total other financing sources (uses)</b>	<b>(265,000)</b>	<b>-</b>	<b>300,000</b>	<b>(35,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(553,191)	(176,096)	300,000	(494,355)	(787,574)	12,997	495,435	36,154	(1,166,630)
Cash and investments - beginning	2,368,588	371,165	400,000	929,979	1,264,474	33,375	-	221,665	5,589,246
Cash and investments - ending	\$ 1,815,397	\$ 195,069	\$ 700,000	\$ 435,624	\$ 476,900	\$ 46,372	\$ 495,435	\$ 257,819	\$ 4,422,616
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 1,815,397	\$ 195,069	\$ 700,000	\$ -	\$ 476,900	\$ 46,372	\$ 495,435	\$ 257,819	\$ 3,986,992
Restricted assets:									
Cash and investments	-	-	-	435,624	-	-	-	-	435,624
<b>Total cash and investment assets - ending</b>	<b>\$ 1,815,397</b>	<b>\$ 195,069</b>	<b>\$ 700,000</b>	<b>\$ 435,624</b>	<b>\$ 476,900</b>	<b>\$ 46,372</b>	<b>\$ 495,435</b>	<b>\$ 257,819</b>	<b>\$ 4,422,616</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 435,624	\$ -	\$ -	\$ -	\$ -	\$ 435,624
Unrestricted	1,815,397	195,069	700,000	-	476,900	46,372	495,435	257,819	3,986,992
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,815,397</b>	<b>\$ 195,069</b>	<b>\$ 700,000</b>	<b>\$ 435,624</b>	<b>\$ 476,900</b>	<b>\$ 46,372</b>	<b>\$ 495,435</b>	<b>\$ 257,819</b>	<b>\$ 4,422,616</b>

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 1,512,432	\$ 322,012	\$ -	\$ 354,075	\$ 510,051	\$ 14,385	\$ -	\$ 450,807	\$ 3,163,762
Intermediate sources	370	-	-	-	-	-	-	-	370
State sources	3,975,779	-	-	-	-	-	-	69,428	4,045,207
Federal sources	-	-	-	-	-	-	-	586,904	586,904
Bonds and loans	1,027,500	190,000	-	110,000	340,000	77,500	-	5,000	1,750,000
Sale of property, adjustments and refunds	4,176	1,850	-	-	-	-	-	-	6,026
<b>Total receipts</b>	<b>6,520,257</b>	<b>513,862</b>	<b>-</b>	<b>464,075</b>	<b>850,051</b>	<b>91,885</b>	<b>-</b>	<b>1,112,139</b>	<b>9,552,269</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	4,221,072	-	-	-	-	-	-	508,834	4,729,906
Support services	2,133,966	588,380	-	-	1,103,012	36,906	411,850	515,341	4,789,455
Community services	175,269	-	-	-	-	-	-	47,125	222,394
Nonprogrammed charges	592,326	-	-	-	-	-	-	571	592,897
Debt services	965,106	87,500	-	839,475	132,500	12,500	-	5,000	2,042,081
<b>Total disbursements</b>	<b>8,087,739</b>	<b>675,880</b>	<b>-</b>	<b>839,475</b>	<b>1,235,512</b>	<b>49,406</b>	<b>411,850</b>	<b>1,076,871</b>	<b>12,376,733</b>
Excess (deficiency) of receipts over (under) disbursements	(1,567,482)	(162,018)	-	(375,400)	(385,461)	42,479	(411,850)	35,268	(2,824,464)
Cash and investments - beginning	1,815,397	195,069	700,000	435,624	476,900	46,372	495,435	257,819	4,422,616
Cash and investments - ending	\$ 247,915	\$ 33,051	\$ 700,000	\$ 60,224	\$ 91,439	\$ 88,851	\$ 83,585	\$ 293,087	\$ 1,598,152
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 247,915	\$ 33,051	\$ 700,000	\$ -	\$ 91,439	\$ 88,851	\$ 83,585	\$ 293,087	\$ 1,537,928
Restricted assets:									
Cash and investments	-	-	-	60,224	-	-	-	-	60,224
<b>Total cash and investment assets - ending</b>	<b>\$ 247,915</b>	<b>\$ 33,051</b>	<b>\$ 700,000</b>	<b>\$ 60,224</b>	<b>\$ 91,439</b>	<b>\$ 88,851</b>	<b>\$ 83,585</b>	<b>\$ 293,087</b>	<b>\$ 1,598,152</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 60,224	\$ -	\$ -	\$ -	\$ -	\$ 60,224
Unrestricted	247,915	33,051	700,000	-	91,439	88,851	83,585	293,087	1,537,928
<b>Total cash and investment fund balance - ending</b>	<b>\$ 247,915</b>	<b>\$ 33,051</b>	<b>\$ 700,000</b>	<b>\$ 60,224</b>	<b>\$ 91,439</b>	<b>\$ 88,851</b>	<b>\$ 83,585</b>	<b>\$ 293,087</b>	<b>\$ 1,598,152</b>

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 230,302
Deductions:	
Administrative and general	187,390
Excess of total additions over total deductions	42,912
Cash and investment fund balance - beginning	96,468
Cash and investment fund balance - ending	\$ 139,380
Net assets:	
Cash and investments	\$ 139,380
Total net assets - cash and investment basis held in trust	\$ 139,380

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>68,063</u>
Deductions:	
Administrative and general	<u>192,301</u>
Deficiency of total additions under total deductions	(124,238)
Cash and investment fund balance - beginning	<u>139,380</u>
Cash and investment fund balance - ending	<u>\$ 15,142</u>
Net assets:	
Cash and investments	<u>\$ 15,142</u>
Total net assets - cash and investment basis held in trust	<u>\$ 15,142</u>

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation (primary government) is the financial reporting entity.

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Northern Wells Community Schools, North Adams Community Schools, South Adams Schools, Bluffton-Harrison M.S.D., and Southern Wells Community Schools in a joint venture to operate Adams-Wells Special Services Cooperative (Co-op) which was created to provide instruction for handicapped children. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from Co-op's administrative offices at 925 North Main Street, Bluffton, Indiana, 46714.

The School Corporation is a participant with Northern Wells Community Schools, North Adams Community Schools, South Adams Schools, Bluffton-Harrison M.S.D., Southern Wells Community Schools, Jay School Corporation and Huntington County Community School Corporation in a joint venture to operate the Vocational Area 18 Cooperative (Co-op) which was created to provide occupational training to students. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from Co-op's administrative offices at 805 East Harrison Street, Bluffton, Indiana, 46714.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit eligible students.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>
General Fund	Rainy Day Fund	\$ 265,000	\$ -
Debt Service Fund	Rainy Day Fund	<u>35,000</u>	<u>-</u>
Totals		<u>\$ 300,000</u>	<u>\$ -</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatement and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

<u>Opinion Unit</u>	<u>Balance as Reported June 30, 2006</u>	<u>Fund Reclassification</u>	<u>Balance as Restated July 1, 2006</u>
Governmental Funds	\$ 5,684,714	\$ (95,468)	\$ 5,589,246
Private-Purpose Trust Funds	1,000	95,468	96,468

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

During 1980, the School Corporation joined with other governmental entities to form the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for fourteen member governmental entities. The purpose of

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

the risk pool is to provide a medium for the funding and administration of group insurance plans for the benefit of the members' employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporations

The School Corporation has entered into a capital lease 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. Lease payments during the year totaled \$502,000.

C. Termination Benefits

During the fiscal year 2007-2008, the School Corporation paid retirement incentives totaling \$30,000 to two teachers who retired who met the qualifications to retire from the Teachers' Retirement Fund.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 74,852
Interest on net pension obligation	(8,385)
Adjustment to annual required contribution	9,556
Annual pension cost	76,023
Contributions made	66,501
Increase in net pension obligation	9,522
Net pension obligation, beginning of year	(115,658)
Net pension obligation, end of year	\$ (106,136)

	PERF
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

ADAMS CENTRAL COMMUNITY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 45,088	158%	\$ (106,837)
	06-30-06	59,195	115%	(115,658)
	06-30-07	76,023	87%	(106,136)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
 150 West Market Street  
 Indianapolis, IN 46204  
 Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

ADAMS CENTRAL COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$123,509, \$113,629, and \$99,265, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

ADAMS CENTRAL COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,549,936	\$ 1,580,265	\$ (30,329)	98%	\$ 1,041,892	(3%)
07-01-06	1,594,388	1,621,732	(27,344)	98%	1,140,550	(2%)
07-01-07	1,690,701	1,770,731	(80,030)	95%	1,142,069	(7%)

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Preschool Special Education	School Lunch	Textbook Rental	Child Care	Early Intervention	Gifted and Talented 2006-07	Gifted and Talented 2005-06
<b>Receipts:</b>							
Local sources	\$ 6,853	\$ 292,656	\$ 116,222	\$ 34,132	\$ -	\$ -	\$ -
State sources	14,478	8,684	5,540	-	1,000	12,218	-
Federal sources	-	67,124	-	-	-	-	-
Bonds and loans	5,000	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	200	-	-	-	-	-
<b>Total receipts</b>	<b>26,331</b>	<b>368,664</b>	<b>121,762</b>	<b>34,132</b>	<b>1,000</b>	<b>12,218</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	22,001	-	-	4,308	-	9,875	3,233
Support services	-	352,799	93,469	-	2,000	-	-
Community services	-	-	-	32,676	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	5,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>27,001</b>	<b>352,799</b>	<b>93,469</b>	<b>36,984</b>	<b>2,000</b>	<b>9,875</b>	<b>3,233</b>
Excess (deficiency) of receipts over (under) disbursements	(670)	15,865	28,293	(2,852)	(1,000)	2,343	(3,233)
Cash and investments - beginning	14,180	143,984	(28,293)	7,183	1,000	-	3,233
Cash and investments - ending	<u>\$ 13,510</u>	<u>\$ 159,849</u>	<u>\$ -</u>	<u>\$ 4,331</u>	<u>\$ -</u>	<u>\$ 2,343</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 13,510</u>	<u>\$ 159,849</u>	<u>\$ -</u>	<u>\$ 4,331</u>	<u>\$ -</u>	<u>\$ 2,343</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 13,510</u>	<u>\$ 159,849</u>	<u>\$ -</u>	<u>\$ 4,331</u>	<u>\$ -</u>	<u>\$ 2,343</u>	<u>\$ -</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Non English Speaking Grant	Anti-Tobacco Grant	County Drug Free/SAAC Grant	Anti-Tobacco Coalition Grant	County Drug Free/LCC Grant	Adams County Partnership	SACC SAP Grant
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
State sources	156	-	-	-	-	4,800	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,800</b>	<b>3,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	485	-	120	239	283	-	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>485</b>	<b>-</b>	<b>120</b>	<b>239</b>	<b>283</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over (under) disbursements	(329)	-	(120)	(239)	(283)	4,800	3,000
Cash and investments - beginning	329	540	1,831	452	4,340	-	-
Cash and investments - ending	\$ -	\$ 540	\$ 1,711	\$ 213	\$ 4,057	\$ 4,800	\$ 3,000
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 540	\$ 1,711	\$ 213	\$ 4,057	\$ 4,800	\$ 3,000
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 540	\$ 1,711	\$ 213	\$ 4,057	\$ 4,800	\$ 3,000

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	County Drug Free/SAAC Grant 2002-03	Title I 2006-07	Title I 2005-06	Title V-A 2006-07	Drug Free Schools FY05	Drug Free Schools FY06
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	362,099	39,200	31,465	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>362,099</b>	<b>39,200</b>	<b>31,465</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	326,205	69,541	31,465	96	6,265
Support services	-	9,876	4,496	-	-	-
Community services	-	9,459	4,864	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>345,540</b>	<b>78,901</b>	<b>31,465</b>	<b>96</b>	<b>6,265</b>
Excess (deficiency) of receipts over (under) disbursements	-	16,559	(39,701)	-	(96)	(6,265)
Cash and investments - beginning	185	-	39,701	-	96	10,248
Cash and investments - ending	<u>\$ 185</u>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 185</u>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 185</u>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,983</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Drug Free Schools FY07	Vocational Education 2006-07	Alternative Fuel Grant	Title II-A	Title II-D Tech	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,863
State sources	-	-	-	-	-	46,876
Federal sources	9,563	11,308	1,584	63,944	-	586,287
Bonds and loans	-	-	-	-	-	5,000
Sale of property, adjustments and refunds	-	-	-	-	-	200
<b>Total receipts</b>	<u>9,563</u>	<u>11,308</u>	<u>1,584</u>	<u>63,944</u>	<u>-</u>	<u>1,091,226</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,732	11,308	-	31,343	-	518,499
Support services	-	-	-	4,218	16,132	482,990
Community services	-	-	-	-	-	46,999
Nonprogrammed charges	-	-	1,584	-	-	1,584
Debt services	-	-	-	-	-	5,000
<b>Total disbursements</b>	<u>1,732</u>	<u>11,308</u>	<u>1,584</u>	<u>35,561</u>	<u>16,132</u>	<u>1,055,072</u>
Excess (deficiency) of receipts over (under) disbursements	7,831	-	-	28,383	(16,132)	36,154
Cash and investments - beginning	-	-	-	4,110	18,546	221,665
Cash and investments - ending	<u>\$ 7,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,493</u>	<u>\$ 2,414</u>	<u>\$ 257,819</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 7,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,493</u>	<u>\$ 2,414</u>	<u>\$ 257,819</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 7,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,493</u>	<u>\$ 2,414</u>	<u>\$ 257,819</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Preschool Special Education	School Lunch	Textbook Rental	Child Care	School Safe Haven	Gifted and Talented 2006-07	Gifted and Talented
<b>Receipts:</b>							
Local sources	\$ 3,556	\$ 301,625	\$ 92,867	\$ 49,199	\$ -	\$ -	\$ -
State sources	11,352	8,581	13,307	-	2,682	-	30,226
Federal sources	-	65,651	-	-	-	-	-
Bonds and loans	5,000	-	-	-	-	-	-
<b>Total receipts</b>	<b>19,908</b>	<b>375,857</b>	<b>106,174</b>	<b>49,199</b>	<b>2,682</b>	<b>-</b>	<b>30,226</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	19,251	-	-	2,098	-	2,343	8,454
Support services	-	428,595	58,657	-	-	-	-
Community services	-	-	-	35,493	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	5,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,251</b>	<b>428,595</b>	<b>58,657</b>	<b>37,591</b>	<b>-</b>	<b>2,343</b>	<b>8,454</b>
Excess (deficiency) of receipts over (under) disbursements	(4,343)	(52,738)	47,517	11,608	2,682	(2,343)	21,772
Cash and investments - beginning	13,510	159,849	-	4,331	-	2,343	-
Cash and investments - ending	<u>\$ 9,167</u>	<u>\$ 107,111</u>	<u>\$ 47,517</u>	<u>\$ 15,939</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 21,772</u>
<u><b>Cash and Investment Assets - Ending</b></u>							
Cash and investments	<u>\$ 9,167</u>	<u>\$ 107,111</u>	<u>\$ 47,517</u>	<u>\$ 15,939</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 21,772</u>
<u><b>Cash and Investment Fund Balance - Ending</b></u>							
Unrestricted	<u>\$ 9,167</u>	<u>\$ 107,111</u>	<u>\$ 47,517</u>	<u>\$ 15,939</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 21,772</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Non English Speaking Grant	Anti-Tobacco Grant	County Drug Free/SAAC Grant	Anti-Tobacco Coalition Grant	County Drug Free/LCC Grant	Boys/Girls Club Anti- Tobacco Grant	Adams County Partnership
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560	\$ -
State sources	2,920	-	-	-	-	360	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>2,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>-</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,920	243	582	213	499	-	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>2,920</u>	<u>243</u>	<u>582</u>	<u>213</u>	<u>499</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	-	(243)	(582)	(213)	(499)	920	-
Cash and investments - beginning	-	540	1,711	213	4,057	-	4,800
Cash and investments - ending	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 3,558</u>	<u>\$ 920</u>	<u>\$ 4,800</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 3,558</u>	<u>\$ 920</u>	<u>\$ 4,800</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ -</u>	<u>\$ 297</u>	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 3,558</u>	<u>\$ 920</u>	<u>\$ 4,800</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	SACC SAP Grant	County Drug Free/SAAC Grant 2002-03	Title I 2006-07	Title I 2007-08	Title V-A 2007-08	Drug Free Schools FY06	Drug Free Schools FY07
<b>Receipts:</b>							
Local sources	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	29,299	408,084	1,446	-	-
Bonds and loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>3,000</b>	<b>29,299</b>	<b>408,084</b>	<b>1,446</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	185	34,629	325,739	-	485	5,618
Support services	-	-	9,861	11,583	-	3,498	375
Community services	-	-	1,368	8,818	1,446	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>185</b>	<b>45,858</b>	<b>346,140</b>	<b>1,446</b>	<b>3,983</b>	<b>5,993</b>
Excess (deficiency) of receipts over (under) disbursements	-	2,815	(16,559)	61,944	-	(3,983)	(5,993)
Cash and investments - beginning	3,000	185	16,559	-	-	3,983	7,831
Cash and investments - ending	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 61,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,838</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 61,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,838</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 61,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,838</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Drug Free Schools FY08	Vocational Education 2007-08	Alternative Fuel Grant	Title II-A	Title II-D Tech	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,807
State sources	-	-	-	-	-	69,428
Federal sources	9,586	7,906	571	64,361	-	586,904
Bonds and loans	-	-	-	-	-	5,000
<b>Total receipts</b>	<u>9,586</u>	<u>7,906</u>	<u>571</u>	<u>64,361</u>	<u>-</u>	<u>1,112,139</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,857	7,906	-	95,812	-	508,834
Support services	-	-	-	358	2,414	515,341
Community services	-	-	-	-	-	47,125
Nonprogrammed charges	-	-	571	-	-	571
Debt services	-	-	-	-	-	5,000
<b>Total disbursements</b>	<u>1,857</u>	<u>7,906</u>	<u>571</u>	<u>96,170</u>	<u>2,414</u>	<u>1,076,871</u>
Excess (deficiency) of receipts over (under) disbursements	7,729	-	-	(31,809)	(2,414)	35,268
Cash and investments - beginning	-	-	-	32,493	2,414	257,819
Cash and investments - ending	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 293,087</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 293,087</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 293,087</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	Scholarships and Award	Building Trades	Indiana Next	Totals
Additions:				
Contributions:				
Other	\$ -	\$ 230,302	\$ -	\$ 230,302
Deductions:				
Administrative and general	1,000	186,357	33	187,390
Excess (deficiency) of total additions over (under) total deductions	(1,000)	43,945	(33)	42,912
Cash and investment fund balance - beginning	1,000	95,435	33	96,468
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 139,380</u>	<u>\$ -</u>	<u>\$ 139,380</u>
Net assets:				
Cash and investments	\$ -	\$ 139,380	\$ -	\$ 139,380
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 139,380</u>	<u>\$ -</u>	<u>\$ 139,380</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	Scholarships and Award	Building Trades	Asian Studies	Totals
Additions:				
Contributions:				
Other	\$ 1,715	\$ 66,048	\$ 300	\$ 68,063
Deductions:				
Administrative and general	-	192,159	142	192,301
Excess (deficiency) of total additions over (under) total deductions	1,715	(126,111)	158	(124,238)
Cash and investment fund balance - beginning	-	139,380	-	139,380
Cash and Investments - ending	<u>\$ 1,715</u>	<u>\$ 13,269</u>	<u>\$ 158</u>	<u>\$ 15,142</u>
Net assets:				
Cash and investments	\$ 1,715	\$ 13,269	\$ 158	\$ 15,142
Total net assets - cash and investment basis held in trust	<u>\$ 1,715</u>	<u>\$ 13,269</u>	<u>\$ 158</u>	<u>\$ 15,142</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2008

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land, Easements & Right of Ways	\$ 81,669
Land Improvements	837,026
Buildings	15,282,549
Machinery & Equipment	749,853
Transportation Equipment	<u>1,346,770</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 18,297,867</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Lease-Rental 2003	\$ 5,430,000	\$ 262,000
Heating and Cooling	403,780	77,000
Notes and loans payable:		
Indiana Department of Commerce	55,556	11,111
Decatur Bank and Trust	145,781	28,213
Building Trades	65,000	65,706
Bonds payable:		
General obligation bonds of 2006	<u>880,000</u>	<u>113,770</u>
Total governmental activities debt	<u>\$ 6,980,117</u>	<u>\$ 557,800</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

AVERAGE DAILY MEMBERSHIP (ADM) – WRITTEN CERTIFICATION

Records presented for audit to support the Average Daily Membership (ADM) claimed by the School Corporation were not certified by the respective building principal for either year.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 8)

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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 WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Adams Central Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 18, 2009

ADAMS CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster National School Lunch Program	10.555	FY 2006-07 FY 2007-08	\$ 109,829 -	\$ - 103,167
Total for federal grantor agency			<u>109,829</u>	<u>103,167</u>
<u>U.S. DEPARTMENT OF ENERGY</u>				
Pass-Through North Adams Community Schools State Energy Program	81.041	FY 2006-07 FY 2007-08	1,584 -	- 571
Total for federal grantor agency			<u>1,584</u>	<u>571</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	06-0015 07-0015 08-0015	78,901 345,540 -	- 45,858 346,139
Total for program			<u>424,441</u>	<u>391,997</u>
Pass-Through Bluffton-Harrison Metropolitan School District Vocational Education - Basic Grants to States	84.048	07-4700-8445 08-4700-8445	11,574 -	- 7,906
Total for program			<u>11,574</u>	<u>7,906</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	04-088 05-053 0015-06 0015-07	96 6,265 1,733 -	- 3,983 5,992 1,857
Total for program			<u>8,094</u>	<u>11,832</u>
State Grants for Innovative Programs	84.298	06-0015 07-0015	31,465 -	- 1,446
Total for program			<u>31,465</u>	<u>1,446</u>
Education Technology State Grants	84.318	S318X040014 S318X050014	10,657 5,475	- 2,414
Total for program			<u>16,132</u>	<u>2,414</u>
Improving Teacher Quality State Grants	84.367	05-064 06-0015 07-0015	4,110 31,451 -	- 32,493 63,677
Total for program			<u>35,561</u>	<u>96,170</u>
Total for federal grantor agency			<u>527,267</u>	<u>511,765</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036	EM3274	1,872	-
Total for federal grantor agency			<u>1,872</u>	<u>-</u>
Total federal awards expended			<u>\$ 640,552</u>	<u>\$ 615,503</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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Adams Central Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. 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, 2007	For the Year Ended June 30, 2008
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ <u>42,705</u>	\$ <u>37,516</u>

ADAMS CENTRAL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Program:

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ADAMS CENTRAL COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ADAMS CENTRAL COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2009, with Cathy Stucky, Treasurer; Michael Pettibone, Superintendent of Schools; and Brian Tonner, President of the School Board. The officials concurred with our audit findings.