

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, 2008 to June 30, 2010



FILED

02/08/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy Stucky	07-01-08 to 06-30-11
Superintendent of Schools	Michael Pettibone	07-01-08 to 06-30-11
President of the School Board	Brian Tonner John D. Sipe	07-01-08 to 06-30-09 07-01-09 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF 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 Adams Central Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 December 21, 2010, 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 and should be considered in assessing the results of our audit.

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

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 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

December 21, 2010



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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 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 Adams Central Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 21, 2010. 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

December 21, 2010

ADAMS CENTRAL COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 4,971,909	\$ -	\$ 157,335	\$ (4,814,574)
Support services	3,454,201	480,234	110,354	(2,863,613)
Noninstructional services	656,195	-	-	(656,195)
Facilities acquisition and construction	692,101	-	-	(692,101)
Debt service	2,528,355	-	-	(2,528,355)
Nonprogrammed charges	655,860	-	-	(655,860)
Total governmental activities	<u>\$ 12,958,621</u>	<u>\$ 480,234</u>	<u>\$ 267,689</u>	<u>(12,210,698)</u>
General receipts:				
Property taxes				6,160,866
Other local sources				586,437
State aid				4,625,541
Grants and contributions not restricted to specific programs				1,360,611
Investment earnings				34,455
Other				<u>63,772</u>
Total general receipts				<u>12,831,682</u>
Change in net assets				620,984
Net assets - beginning				<u>1,598,152</u>
Net assets - ending				<u>\$ 2,219,136</u>
<u>Assets</u>				
Cash and investments				\$ 1,715,490
Restricted assets:				
Cash and investments				<u>503,646</u>
Total assets				<u>\$ 2,219,136</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 503,646
Unrestricted				<u>1,715,490</u>
Total net assets				<u>\$ 2,219,136</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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 4,907,027	\$ -	\$ 132,593	\$ (4,774,434)
Support services	3,831,910	460,223	159,523	(3,212,164)
Noninstructional services	693,428	-	-	(693,428)
Facilities acquisition and construction	587,782	-	-	(587,782)
Debt service	831,317	-	-	(831,317)
Nonprogrammed charges	<u>520,057</u>	<u>-</u>	<u>-</u>	<u>(520,057)</u>
Total governmental activities	<u>\$ 11,371,521</u>	<u>\$ 460,223</u>	<u>\$ 292,116</u>	<u>(10,619,182)</u>
General receipts:				
Property taxes				2,514,681
Other local sources				273,882
State aid				6,265,754
Bonds and loans				150,000
Grants and contributions not restricted to specific programs				1,489,937
Sale of property				1,287
Investment earnings				23,639
Other				<u>30,523</u>
Total general receipts				<u>10,749,703</u>
Change in net assets				130,521
Net assets - beginning				<u>2,219,136</u>
Net assets - ending				<u>\$ 2,349,657</u>
<u>Assets</u>				
Cash and investments				\$ 1,878,980
Restricted assets:				
Cash and investments				<u>470,677</u>
Total assets				<u>\$ 2,349,657</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 470,677
Unrestricted				<u>1,878,980</u>
Total net assets				<u>\$ 2,349,657</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, 2009

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 2,809,761	\$ -	\$ 1,361,777	\$ 1,466,177	\$ 1,623,494	\$ 7,261,209
Intermediate sources	783	-	-	-	-	783
State sources	4,752,052	-	-	-	64,812	4,816,864
Federal sources	-	-	-	-	1,436,977	1,436,977
Other	23,911	-	-	39,501	360	63,772
Total receipts	7,586,507	-	1,361,777	1,505,678	3,125,643	13,579,605
Disbursements:						
Current:						
Instruction	3,882,182	235,675	-	-	854,052	4,971,909
Support services	2,042,745	16,500	-	355,994	1,038,962	3,454,201
Noninstructional services	189,776	-	-	-	466,419	656,195
Facilities acquisition and construction	-	-	-	607,277	84,824	692,101
Debt services	1,027,500	-	888,355	340,000	272,500	2,528,355
Nonprogrammed charges	655,860	-	-	-	-	655,860
Total disbursements	7,798,063	252,175	888,355	1,303,271	2,716,757	12,958,621
Excess (deficiency) of receipts over disbursements	(211,556)	(252,175)	473,422	202,407	408,886	620,984
Other financing sources (uses):						
Transfers in	-	80,000	-	-	-	80,000
Transfers out	-	-	(30,000)	-	(50,000)	(80,000)
Total other financing sources (uses)	-	80,000	(30,000)	-	(50,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(211,556)	(172,175)	443,422	202,407	358,886	620,984
Cash and investments - beginning	247,915	700,000	60,224	91,439	498,574	1,598,152
Cash and investments - ending	<u>\$ 36,359</u>	<u>\$ 527,825</u>	<u>\$ 503,646</u>	<u>\$ 293,846</u>	<u>\$ 857,460</u>	<u>\$ 2,219,136</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 36,359	\$ 527,825	\$ -	\$ 293,846	\$ 857,460	\$ 1,715,490
Restricted assets:						
Cash and investments	-	-	503,646	-	-	503,646
Total cash and investment assets - ending	<u>\$ 36,359</u>	<u>\$ 527,825</u>	<u>\$ 503,646</u>	<u>\$ 293,846</u>	<u>\$ 857,460</u>	<u>\$ 2,219,136</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 503,646	\$ -	\$ -	\$ 503,646
Unrestricted	36,359	527,825	-	293,846	857,460	1,715,490
Total cash and investment fund balance - ending	<u>\$ 36,359</u>	<u>\$ 527,825</u>	<u>\$ 503,646</u>	<u>\$ 293,846</u>	<u>\$ 857,460</u>	<u>\$ 2,219,136</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, 2010

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 96,357	\$ -	\$ 885,348	\$ 988,590	\$ 1,300,301	\$ 3,270,596
Intermediate sources	1,829	-	-	-	-	1,829
State sources	6,367,048	-	-	-	309,065	6,676,113
Federal sources	-	-	-	-	1,371,694	1,371,694
Other	15,983	-	-	14,340	200	30,523
Total receipts	6,481,217	-	885,348	1,002,930	2,981,260	11,350,755
Disbursements:						
Current:						
Instruction	3,768,698	94,301	-	-	1,044,028	4,907,027
Support services	1,768,015	13,471	-	593,743	1,456,681	3,831,910
Noninstructional services	193,731	-	-	-	499,697	693,428
Facilities acquisition and construction	-	-	-	573,268	14,514	587,782
Debt services	-	-	831,317	-	-	831,317
Nonprogrammed charges	511,026	-	-	-	9,031	520,057
Total disbursements	6,241,470	107,772	831,317	1,167,011	3,023,951	11,371,521
Excess (deficiency) of receipts over disbursements	239,747	(107,772)	54,031	(164,081)	(42,691)	(20,766)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	150,000	150,000
Sale of capital assets	1,287	-	-	-	-	1,287
Transfers in	10,734	220,000	-	-	42,000	272,734
Transfers out	-	-	(87,000)	(51,000)	(134,734)	(272,734)
Total other financing sources (uses)	12,021	220,000	(87,000)	(51,000)	57,266	151,287
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	251,768	112,228	(32,969)	(215,081)	14,575	130,521
Cash and investments - beginning	36,359	527,825	503,646	293,846	857,460	2,219,136
Cash and investments - ending	\$ 288,127	\$ 640,053	\$ 470,677	\$ 78,765	\$ 872,035	\$ 2,349,657
Cash and Investment Assets - Ending						
Cash and investments	\$ 288,127	\$ 640,053	\$ -	\$ 78,765	\$ 872,035	\$ 1,878,980
Restricted assets:						
Cash and investments	-	-	470,677	-	-	470,677
Total cash and investment assets - ending	\$ 288,127	\$ 640,053	\$ 470,677	\$ 78,765	\$ 872,035	\$ 2,349,657
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 470,677	\$ -	\$ -	\$ 470,677
Unrestricted	288,127	640,053	-	78,765	872,035	1,878,980
Total cash and investment fund balance - ending	\$ 288,127	\$ 640,053	\$ 470,677	\$ 78,765	\$ 872,035	\$ 2,349,657

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, 2009

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>201,842</u>
Deductions:	
Administrative and general	<u>89,545</u>
Excess of total additions over total deductions	112,297
Cash and investment fund balance - beginning	<u>15,142</u>
Cash and investment fund balance - ending	<u><u>\$ 127,439</u></u>
Net assets:	
Cash and investments	\$ <u>127,439</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 127,439</u></u>

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, 2010

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>173,333</u>
Deductions:	
Administrative and general	<u>204,168</u>
Deficiency of total additions under total deductions	(30,835)
Cash and investment fund balance - beginning	<u>127,439</u>
Cash and investment fund balance - ending	<u><u>\$ 96,604</u></u>
Net assets:	
Cash and investments	<u>\$ 96,604</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 96,604</u></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 in a joint venture to operate Adams-Wells Special Services Cooperative which was created to provide instruction for students with special needs. The Adams-Wells Special Services Cooperative's continued existence depends on continued funding by the participating school corporations. Complete financial statements for the Adams-Wells Special Services Cooperative can be obtained from the administrative offices at 925 N. Main Street, Bluffton, IN 46714.

The School Corporation is a participant in a joint venture to operate Area 18 Career and Technical Education Cooperative which was created to provide occupational and technical training to students. The Area 18 Career and Technical Education Cooperative's continued existence depends on continued funding by the participating school corporations. Complete financial statements for the Area 18 Career and Technical Education Cooperative can be obtained from the administrative offices at 805 E. Harrison Street, Bluffton, IN 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. The School Corporation does not have any business-type activities.

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. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds,

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

even though the latter are excluded from the 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 Rainy Day Fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust funds report trust arrangements under which principal and income benefit the annual awarding of scholarship funds to 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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 enterprise funds.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

- 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."

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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 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 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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
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, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. 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

ADAMS CENTRAL COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

board to obtain taxpayer comments. Prior to November 1, 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.

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following fund reported a deficit in cash, which is a violation of the Uniform Compliance Guidelines as authorized by state statute:

Fund	June 30, 2009	June 30, 2010
Textbook Rental	\$ 26,116	\$ 10,938

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$2,446,261.

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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	June 30, 2009	June 30, 2010
Debt Service Fund	Rainy Day Fund	\$ 30,000	\$ 87,000
Capital Projects Fund	Rainy Day Fund	-	51,000
Other Governmental Funds	General Fund	-	10,734
Other Governmental Funds	Rainy Day Fund	50,000	82,000
Other Governmental Funds	Other Governmental Funds	-	42,000
Totals		<u>\$ 80,000</u>	<u>\$ 272,734</u>

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

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 risks covered by commercial insurance 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 the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$300,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$300,000 limit.

B. Holding Corporation

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. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2009, and June 30, 2010, totaled \$620,000 and \$716,000 respectively.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

On March 16, 2010, and again on October 1, 2010, the school board amended the existing lease with the Adams Central Elementary School Building Corporation for improvements to the middle school and high school areas of the building. The estimated project cost is \$10,000,000. The project was started September 20, 2010, and is anticipated to be completed October 31, 2011. The lease payments end December 31, 2025.

D. Termination Benefits

During the year ending June 30, 2009, the School Corporation paid retirement incentives totaling \$97,500 to six teachers who retired who met the qualifications to retire from the Teachers' Retirement Fund.

E. 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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$256,300.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

The School Corporation's contributions to the plan during the period were \$307,359.

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)
07-01-07	\$ 1,690,701	\$ 1,770,731	\$ (80,030)	95%	\$ 1,142,069	(7%)
07-01-08	1,693,067	1,775,194	(82,127)	95%	1,159,417	(7%)
07-01-09	1,736,344	2,017,230	(280,886)	86%	1,336,691	(21%)

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, 2009

	Transportation Operating	Preschool Special Education	School Lunch	Textbook Rental	Child Care	Safe School Haven 2007-08	High Ability Grant 2008-09
Receipts:							
Local sources	\$ 965,179	\$ 6,649	\$ 317,678	\$ 89,738	\$ 59,743	\$ -	\$ -
State sources	-	16,418	8,098	6,359	-	1,612	30,226
Federal sources	-	-	95,897	-	-	-	-
Other	160	-	200	-	-	-	-
Total receipts	965,339	23,067	421,873	96,097	59,743	1,612	30,226
Disbursements:							
Current:							
Instruction	-	16,500	-	-	-	4,294	21,744
Support services	628,655	-	200	169,730	-	-	-
Noninstructional services	-	-	408,155	-	49,065	-	-
Facilities acquisition and construction	-	-	5,000	-	-	-	-
Debt services	190,000	5,000	-	-	-	-	-
Total disbursements	818,655	21,500	413,355	169,730	49,065	4,294	21,744
Excess (deficiency) of receipts over disbursements	146,684	1,567	8,518	(73,633)	10,678	(2,682)	8,482
Other financing sources (uses):							
Transfers out	(50,000)	-	-	-	-	-	-
Total other financing sources (uses)	(50,000)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	96,684	1,567	8,518	(73,633)	10,678	(2,682)	8,482
Cash and investments - beginning	33,051	9,167	107,111	47,517	15,939	2,682	-
Cash and investments - ending	\$ 129,735	\$ 10,734	\$ 115,629	\$ (26,116)	\$ 26,617	\$ -	\$ 8,482
Cash and Investment Assets - Ending							
Cash and investments	\$ 129,735	\$ 10,734	\$ 115,629	\$ (26,116)	\$ 26,617	\$ -	\$ 8,482
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 129,735	\$ 10,734	\$ 115,629	\$ (26,116)	\$ 26,617	\$ -	\$ 8,482

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, 2009
 (Continued)

	High Ability Grant 2009-10	Non-English Speaking Grant	Anti-Tobacco Grant 2006	County Drug-Free SAAC Grant	County Drug-Free LCC Grant	Boys/Girls Club/ Anti- Tobacco
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,099	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	2,099	-	-	-	-
Disbursements:						
Current:						
Instruction	21,772	-	79	1,129	2,663	503
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	21,772	-	79	1,129	2,663	503
Excess (deficiency) of receipts over disbursements	(21,772)	2,099	(79)	(1,129)	(2,663)	(503)
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,772)	2,099	(79)	(1,129)	(2,663)	(503)
Cash and investments - beginning	21,772	-	297	1,129	3,558	920
Cash and investments - ending	\$ -	\$ 2,099	\$ 218	\$ -	\$ 895	\$ 417
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 2,099	\$ 218	\$ -	\$ 895	\$ 417
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 2,099	\$ 218	\$ -	\$ 895	\$ 417

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, 2009
 (Continued)

	Adams County Partnership	SAAC/SAP Grant 2007-08	SAAC/SAP Grant 2008-09	Title I 2007-08	Title I 2008-09	Title IV/Part A 2008-09
Receipts:						
Local sources	\$ 5,800	\$ -	\$ 3,000	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	35,999	530,120	6,904
Other	-	-	-	-	-	-
Total receipts	5,800	-	3,000	35,999	530,120	6,904
Disbursements:						
Current:						
Instruction	5,380	-	-	91,619	334,240	2,353
Support services	-	-	-	5,676	55,911	-
Noninstructional services	-	-	-	648	1,480	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	5,380	-	-	97,943	391,631	2,353
Excess (deficiency) of receipts over disbursements	420	-	3,000	(61,944)	138,489	4,551
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	420	-	3,000	(61,944)	138,489	4,551
Cash and investments - beginning	4,800	3,000	3,000	61,944	-	-
Cash and investments - ending	\$ 5,220	\$ 3,000	\$ 6,000	\$ -	\$ 138,489	\$ 4,551
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,220	\$ 3,000	\$ 6,000	\$ -	\$ 138,489	\$ 4,551
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 5,220	\$ 3,000	\$ 6,000	\$ -	\$ 138,489	\$ 4,551

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, 2009
 (Continued)

	Drug-Free Schools 2006-07	Title IV, Part A Drug-Free	Area 18 Grant 2007-08	Area 18 Vocational 2008-09	Project Lead the Way	Title II Part A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	1,377	24,724	20,000	71,846
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>1,377</u>	<u>24,724</u>	<u>20,000</u>	<u>71,846</u>
Disbursements:						
Current:						
Instruction	1,838	4,523	1,377	22,601	20,000	68,933
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>1,838</u>	<u>4,523</u>	<u>1,377</u>	<u>22,601</u>	<u>20,000</u>	<u>68,933</u>
Excess (deficiency) of receipts over disbursements	<u>(1,838)</u>	<u>(4,523)</u>	<u>-</u>	<u>2,123</u>	<u>-</u>	<u>2,913</u>
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>(1,838)</u>	<u>(4,523)</u>	<u>-</u>	<u>2,123</u>	<u>-</u>	<u>2,913</u>
Cash and investments - beginning	<u>1,838</u>	<u>7,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,206</u>	<u>\$ -</u>	<u>\$ 2,123</u>	<u>\$ -</u>	<u>\$ 3,597</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 3,206</u>	<u>\$ -</u>	<u>\$ 2,123</u>	<u>\$ -</u>	<u>\$ 3,597</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 3,206</u>	<u>\$ -</u>	<u>\$ 2,123</u>	<u>\$ -</u>	<u>\$ 3,597</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, 2009
 (Continued)

	Rural/ Low Income Title VI	Fiscal Stabilization ARRA	Title I ARRA Stimulus	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 175,707	\$ -	\$ 1,623,494
State sources	-	-	-	-	-	64,812
Federal sources	29,879	549,636	70,595	-	-	1,436,977
Other	-	-	-	-	-	360
Total receipts	29,879	549,636	70,595	175,707	-	3,125,643
Disbursements:						
Current:						
Instruction	-	232,504	-	-	-	854,052
Support services	3,168	88,154	-	87,468	-	1,038,962
Noninstructional services	-	7,071	-	-	-	466,419
Facilities acquisition and construction	-	-	-	-	79,824	84,824
Debt services	-	-	-	77,500	-	272,500
Total disbursements	3,168	327,729	-	164,968	79,824	2,716,757
Excess (deficiency) of receipts over disbursements	26,711	221,907	70,595	10,739	(79,824)	408,886
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	-	-	(50,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,711	221,907	70,595	10,739	(79,824)	358,886
Cash and investments - beginning	-	-	-	88,851	83,585	498,574
Cash and investments - ending	\$ 26,711	\$ 221,907	\$ 70,595	\$ 99,590	\$ 3,761	\$ 857,460
Cash and Investment Assets - Ending						
Cash and investments	\$ 26,711	\$ 221,907	\$ 70,595	\$ 99,590	\$ 3,761	\$ 857,460
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 26,711	\$ 221,907	\$ 70,595	\$ 99,590	\$ 3,761	\$ 857,460

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, 2010

	Transportation Operating	Preschool Special Education	School Lunch	Textbook Rental	Child Care	Safe School Haven 2007-08	High Ability Grant 2008-09
Receipts:							
Local sources	\$ 656,116	\$ -	\$ 331,873	\$ 79,249	\$ 50,681	\$ -	\$ -
State sources	-	11,000	7,488	20,196	-	12,000	-
Federal sources	-	-	131,839	-	-	-	-
Other	-	-	200	-	-	-	-
Total receipts	656,116	11,000	471,400	99,445	50,681	12,000	-
Disbursements:							
Current:							
Instruction	-	11,000	-	-	-	-	8,482
Support services	610,761	-	200	84,267	-	12,000	-
Noninstructional services	-	-	422,250	-	61,523	-	-
Facilities acquisition and construction	-	-	10,753	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	610,761	11,000	433,203	84,267	61,523	12,000	8,482
Excess (deficiency) of receipts over disbursements	45,355	-	38,197	15,178	(10,842)	-	(8,482)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(75,000)	(10,734)	-	-	-	-	-
Total other financing sources (uses)	(75,000)	(10,734)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,645)	(10,734)	38,197	15,178	(10,842)	-	(8,482)
Cash and investments - beginning	129,735	10,734	115,629	(26,116)	26,617	-	8,482
Cash and investments - ending	\$ 100,090	\$ -	\$ 153,826	\$ (10,938)	\$ 15,775	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 100,090	\$ -	\$ 153,826	\$ (10,938)	\$ 15,775	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 100,090	\$ -	\$ 153,826	\$ (10,938)	\$ 15,775	\$ -	\$ -

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, 2010
 (Continued)

	High Ability Grant 2009-10	Common School Loan	Non-English Speaking Grant	Anti-Tobacco Grant 2006	CELL Grant	New High School Grant	Public Health Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 562	\$ -	\$ 2,930
State sources	30,009	-	3,372	-	125,000	100,000	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	30,009	-	3,372	-	125,562	100,000	2,930
Disbursements:							
Current:							
Instruction	27,470	-	2,099	218	-	-	-
Support services	-	150,000	-	-	22,532	100,000	2,930
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	27,470	150,000	2,099	218	22,532	100,000	2,930
Excess (deficiency) of receipts over disbursements	2,539	(150,000)	1,273	(218)	103,030	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	150,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	150,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,539	-	1,273	(218)	103,030	-	-
Cash and investments - beginning	-	-	2,099	218	-	-	-
Cash and investments - ending	<u>\$ 2,539</u>	<u>\$ -</u>	<u>\$ 3,372</u>	<u>\$ -</u>	<u>\$ 103,030</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 2,539</u>	<u>\$ -</u>	<u>\$ 3,372</u>	<u>\$ -</u>	<u>\$ 103,030</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 2,539</u>	<u>\$ -</u>	<u>\$ 3,372</u>	<u>\$ -</u>	<u>\$ 103,030</u>	<u>\$ -</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, 2010
 (Continued)

	County Drug-Free LCC Grant	Boys/Girls Club/Anti- Tobacco	Adams County Partnership	SAAC/SAP Grant 2007-08	SAAC/SAP Grant 2008-09	Title I 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,700	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	48,199
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,700</u>	<u>48,199</u>
Disbursements:						
Current:						
Instruction	895	154	5,220	-	3,000	113,768
Support services	-	-	-	-	-	26,554
Noninstructional services	-	-	-	-	-	80
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>895</u>	<u>154</u>	<u>5,220</u>	<u>-</u>	<u>3,000</u>	<u>140,402</u>
Excess (deficiency) of receipts over disbursements	<u>(895)</u>	<u>(154)</u>	<u>(5,220)</u>	<u>-</u>	<u>(300)</u>	<u>(92,203)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(42,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(895)</u>	<u>(154)</u>	<u>(5,220)</u>	<u>-</u>	<u>(300)</u>	<u>(134,203)</u>
Cash and investments - beginning	<u>895</u>	<u>417</u>	<u>5,220</u>	<u>3,000</u>	<u>6,000</u>	<u>138,489</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 5,700</u>	<u>\$ 4,286</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 5,700</u>	<u>\$ 4,286</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 5,700</u>	<u>\$ 4,286</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, 2010
 (Continued)

	Title I 2009-10	Title V/Part A 2007-08	Title IV/Safe Drug-Free 2010-11	Title IV/Part A 2008-09	Title IV, Part A Drug-Free	Area 18 Vocational 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	584,629	564	10,063	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>584,629</u>	<u>564</u>	<u>10,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	395,073	-	-	1,372	2,771	2,123
Support services	56,878	564	-	1,642	435	-
Noninstructional services	10,988	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>462,939</u>	<u>564</u>	<u>-</u>	<u>3,014</u>	<u>3,206</u>	<u>2,123</u>
Excess (deficiency) of receipts over disbursements	<u>121,690</u>	<u>-</u>	<u>10,063</u>	<u>(3,014)</u>	<u>(3,206)</u>	<u>(2,123)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	42,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>42,000</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>163,690</u>	<u>-</u>	<u>10,063</u>	<u>(3,014)</u>	<u>(3,206)</u>	<u>(2,123)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,551</u>	<u>3,206</u>	<u>2,123</u>
Cash and investments - ending	<u>\$ 163,690</u>	<u>\$ -</u>	<u>\$ 10,063</u>	<u>\$ 1,537</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 163,690</u>	<u>\$ -</u>	<u>\$ 10,063</u>	<u>\$ 1,537</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 163,690</u>	<u>\$ -</u>	<u>\$ 10,063</u>	<u>\$ 1,537</u>	<u>\$ -</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, 2010
 (Continued)

	Area 18 Vocational 2009-10	Project Lead the Way	PLTW - Summer Gateway Academy	Title II Part A	Rural/ Low Income Title VI	Safe Students/ Healthy Schools
Receipts:						
Local sources	\$ -	\$ 2,250	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	10,029	14,880	2,000	79,575	-	36,720
Other	-	-	-	-	-	-
Total receipts	<u>10,029</u>	<u>17,130</u>	<u>2,000</u>	<u>79,575</u>	<u>-</u>	<u>36,720</u>
Disbursements:						
Current:						
Instruction	8,709	17,130	-	30,447	-	-
Support services	-	-	-	-	9,768	36,720
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>8,709</u>	<u>17,130</u>	<u>-</u>	<u>30,447</u>	<u>9,768</u>	<u>36,720</u>
Excess (deficiency) of receipts over disbursements	<u>1,320</u>	<u>-</u>	<u>2,000</u>	<u>49,128</u>	<u>(9,768)</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>1,320</u>	<u>-</u>	<u>2,000</u>	<u>49,128</u>	<u>(9,768)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,597</u>	<u>26,711</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 52,725</u>	<u>\$ 16,943</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 52,725</u>	<u>\$ 16,943</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 52,725</u>	<u>\$ 16,943</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, 2010
 (Continued)

	Safe Schools/ Health Child/ Training	Fiscal Stabilization ARRA	Title I ARRA Stimulus	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 173,940	\$ -	\$ 1,300,301
State sources	-	-	-	-	-	309,065
Federal sources	5,000	236,420	211,776	-	-	1,371,694
Other	-	-	-	-	-	200
Total receipts	5,000	236,420	211,776	173,940	-	2,981,260
Disbursements:						
Current:						
Instruction	-	339,214	74,883	-	-	1,044,028
Support services	5,000	105,226	68,360	162,844	-	1,456,681
Noninstructional services	-	4,856	-	-	-	499,697
Facilities acquisition and construction	-	-	-	-	3,761	14,514
Nonprogrammed charges	-	9,031	-	-	-	9,031
Total disbursements	5,000	458,327	143,243	162,844	3,761	3,023,951
Excess (deficiency) of receipts over disbursements	-	(221,907)	68,533	11,096	(3,761)	(42,691)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	150,000
Transfers in	-	-	-	-	-	42,000
Transfers out	-	-	-	(7,000)	-	(134,734)
Total other financing sources (uses)	-	-	-	(7,000)	-	57,266
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(221,907)	68,533	4,096	(3,761)	14,575
Cash and investments - beginning	-	221,907	70,595	99,590	3,761	857,460
Cash and investments - ending	\$ -	\$ -	\$ 139,128	\$ 103,686	\$ -	\$ 872,035
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 139,128	\$ 103,686	\$ -	\$ 872,035
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 139,128	\$ 103,686	\$ -	\$ 872,035

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, 2009

	<u>Gifts and Donations</u>	<u>Scholarship and Awards</u>	<u>Building Trades</u>	<u>Asian Studies Grant</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	<u>\$ 908</u>	<u>\$ 900</u>	<u>\$ 200,034</u>	<u>\$ -</u>	<u>\$ 201,842</u>
Deductions:					
Administrative and general	<u>453</u>	<u>2,600</u>	<u>86,334</u>	<u>158</u>	<u>89,545</u>
Excess (deficiency) of total additions over total deductions	455	(1,700)	113,700	(158)	112,297
Cash and investment fund balance - beginning	<u>-</u>	<u>1,715</u>	<u>13,269</u>	<u>158</u>	<u>15,142</u>
Cash and investments - ending	<u>\$ 455</u>	<u>\$ 15</u>	<u>\$ 126,969</u>	<u>\$ -</u>	<u>\$ 127,439</u>
Net assets:					
Cash and investments	<u>\$ 455</u>	<u>\$ 15</u>	<u>\$ 126,969</u>	<u>\$ -</u>	<u>\$ 127,439</u>
Total net assets - cash and investment basis held in trust	<u>\$ 455</u>	<u>\$ 15</u>	<u>\$ 126,969</u>	<u>\$ -</u>	<u>\$ 127,439</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, 2010

	<u>Gifts and Donations</u>	<u>Scholarship and Awards</u>	<u>Building Trades</u>	<u>Asian Studies Grant</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ 172,538</u>	<u>\$ -</u>	<u>\$ 173,333</u>
Deductions:					
Administrative and general	<u>204</u>	<u>-</u>	<u>203,964</u>	<u>-</u>	<u>204,168</u>
Excess (deficiency) of total additions over total deductions	591	-	(31,426)	-	(30,835)
Cash and investment fund balance - beginning	<u>455</u>	<u>15</u>	<u>126,969</u>	<u>-</u>	<u>127,439</u>
Cash and investments - ending	<u>\$ 1,046</u>	<u>\$ 15</u>	<u>\$ 95,543</u>	<u>\$ -</u>	<u>\$ 96,604</u>
Net assets:					
Cash and investments	<u>\$ 1,046</u>	<u>\$ 15</u>	<u>\$ 95,543</u>	<u>\$ -</u>	<u>\$ 96,604</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,046</u>	<u>\$ 15</u>	<u>\$ 95,543</u>	<u>\$ -</u>	<u>\$ 96,604</u>

ADAMS CENTRAL COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 81,669
Buildings	887,870
Improvements other than buildings	15,282,549
Machinery and equipment	2,477,233
 Total governmental activities, capital assets not being depreciated	 \$ 18,729,321

ADAMS CENTRAL COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

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	\$ 4,535,000	\$ 358,000
Heating and Cooling	280,246	77,000
Notes and loans payable:		
Indiana Department of Commerce	33,333	11,111
Decatur Bank and Trust	101,669	28,213
Common School Fund Loan	150,000	16,877
Bonds payable:		
General obligation bonds:		
General obligation bonds of 2006	715,000	117,489
Total governmental activities debt	<u>\$ 5,815,248</u>	<u>\$ 608,690</u>

ADAMS CENTRAL COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The cash balance of the Textbook Rental Fund was overdrawn at June 30, 2009, and June 30, 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

Compliance

We have audited the compliance of 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 each of its major federal programs for the years ended June 30, 2009 and 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 each of its major federal programs for the years ended June 30, 2009 and 2010.

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

December 21, 2010

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 2008-09	\$ 5,950	\$ -
		FY 2009-10	-	2,480
National School Lunch Program	10.555			
		FY 2008-09	134,527	-
		FY 2009-10	-	164,449
			<u>140,477</u>	<u>166,929</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-0015	97,943	-
		09-0015	391,632	140,402
		10-0015	-	462,939
			<u>489,575</u>	<u>603,341</u>
Total for program				
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		FY 2009-10	-	143,243
			<u>489,575</u>	<u>746,584</u>
Total for cluster				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		FY 2008-09	327,727	-
		FY 2009-10	-	458,327
			<u>327,727</u>	<u>458,327</u>
Total for cluster				
Pass-Through Bluffton-Harrison Metropolitan School District				
Career and Technical Education - Basic Grants to States	84.048			
		08-4700-8445	1,377	-
		09-4700-8445	22,601	2,123
		10-4700-8445	-	8,709
			<u>23,978</u>	<u>10,832</u>
Total for program				

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, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through North Adams Community Schools Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184L080330	-	41,720
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	0015-06 0015-07 08-0015	1,838 4,523 2,353	- 3,206 3,014
Total for program			8,714	6,220
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	C1-9-PLTW-8-688 C1-10-PLTW-9-688	20,000 -	- 17,130
Total for program			20,000	17,130
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	07-0015	-	564
Rural Education	84.358	10-0015	3,168	9,768
Improving Teacher Quality State Grants	84.367	07-0015 08-0015 09-0015	684 68,249 -	- 3,597 26,850
Total for program			68,933	30,447
Total for federal grantor agency			942,095	1,321,592
Total federal awards expended			<u>\$ 1,082,572</u>	<u>\$ 1,488,521</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 cash and investment basis of accounting used in the preparation of the financial statements. 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 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, 2009 and 2010. 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, 2009	For the Year Ended June 30, 2010
Child Nutrition Cluster:			
Food commodities:			
School Breakfast Program	10.553	\$ 1,888	\$ 521
National School Lunch Program	10.555	<u>42,692</u>	<u>34,568</u>
Total for cluster		<u>\$ 44,580</u>	<u>\$ 35,089</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 Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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 December 21, 2010, with Cathy Stucky, Treasurer; Michael Pettibone, Superintendent of Schools; and John D. Sipe, President of the School Board. The officials concurred with our audit finding.