

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
WELLS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/15/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeanette F. Jena	07-01-10 to 06-30-12
Executive Director	Michele K. Neumann	07-01-10 to 06-30-12
President of the Board of Directors	Scott A. Mills Wylie Sirk	07-01-10 to 06-30-11 07-01-11 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ADAMS-WELLS SPECIAL
SERVICES COOPERATIVE, WELLS COUNTY, INDIANA

We have audited the accompanying financial statement of the Adams-Wells Special Services Cooperative (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 18, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

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

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

STATE BOARD OF ACCOUNTS

February 18, 2013



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

TO: THE OFFICIALS OF THE ADAMS-WELLS SPECIAL
SERVICES COOPERATIVE, WELLS COUNTY, INDIANA

We have audited the financial statement of the Adams-Wells Special Services Cooperative (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 18, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

February 18, 2013

FINANCIAL STATEMENT

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

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ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Cash and Investments 06-30-11	Receipts	Disbursements	Cash and Investments 06-30-12
General	\$ 682,456	\$ 4,783,183	\$ 4,651,450	\$ 814,189	\$ 5,100,579	\$ 5,255,161	\$ 659,607
Capital Projects	8,558	125,200	116,994	16,764	120,029	102,127	34,666
Preschool Supplies	2,252	2,202	1,882	2,572	2,238	1,918	2,892
Wells County Foundation	-	670	670	-	-	-	-
Instruction Support	448	-	448	-	-	-	-
Adult and Continuing Education	-	400	-	400	-	-	400
Extra-Curricular Activities	-	100	-	100	-	-	100
Recreational Activities	-	-	-	-	250	160	90
Cultural Arts	-	-	-	-	350	350	-
Welfare Activities	-	-	-	-	5,200	1,851	3,349
School Technology	-	2,700	2,475	225	4,200	2,745	1,680
Special Education Part B IDEA Grant	248,636	1,388,870	1,690,423	(52,917)	665,764	612,847	-
IDEA Part B 611	-	-	-	-	1,184,943	2,014,156	(829,213)
Section 619 Preschool	18,597	50,154	71,699	(2,948)	21,152	18,204	-
Preschool Grant	-	-	-	-	74,740	74,740	-
Part B Stimulus	57,913	570,410	629,278	(955)	338,209	337,254	-
Clearing Accounts	(6,106)	1,554,047	1,522,451	25,490	1,927,021	1,930,749	21,762
Part B Preschool Stimulus	23,458	2,793	45,914	(19,663)	24,122	4,459	-
Totals	<u>\$ 1,036,212</u>	<u>\$ 8,480,729</u>	<u>\$ 8,733,684</u>	<u>\$ 783,257</u>	<u>\$ 9,468,797</u>	<u>\$ 10,356,721</u>	<u>\$ (104,667)</u>

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

A special services agreement for establishing and operating a special education program for Adams and Wells County Schools was signed and ratified on February 22, 1979, with the effective date of the agreement being July 1, 1979 (revised July 1, 2001). The participating schools are Adams Central Community Schools; South Adams Schools; North Adams Community Schools; Bluffton-Harrison M.S.D.; Northern Wells Community Schools; and Southern Wells Community Schools.

The purpose and intent of this joint venture agreement is to create an administrative entity for the purpose of creating, developing and operating a comprehensive program of special education services for handicapped children in order to comply with the requirements of the laws of the State of Indiana, rules and regulations of the Indiana Department of Education, and all applicable federal rules and regulations, and to provide in a meaningful way for the needs of the community which such a program will serve.

The Board of Directors consists of all the School Superintendents of the participating school corporations. The Executive Director is the principal administrator of the Adams-Wells Special Services Cooperative.

The participating school corporations agreed that effective July 1, 2012, Adams-Wells Special Services Cooperative shall be reorganized pursuant to Indiana Code 20-26-10-1. Pursuant to Indiana Code 20-26-10-4, North Adams Community Schools shall administer and supervise this joint program and shall be designated as the Local Educational Agency (LEA). Therefore, effective July 1, 2012 Adams-Wells Special Services Cooperative will no longer exist.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

E. Disbursements

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Fund Accounting

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

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. Formal approval by the Indiana Department of Local Government Finance is not required.

Note 3. Deposits and Investments

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

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

Note 4. Risk Management

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

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

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

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 6. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2012.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Capital Projects	Preschool Supplies	Wells County Foundation	Instruction Support	Adult and Continuing Education	Extra- Curricular Activities
Cash and investments - beginning	\$ 682,456	\$ 8,558	\$ 2,252	\$ -	\$ 448	\$ -	\$ -
Receipts:							
Local sources	4,418,955	117,000	2,202	670	-	400	100
State sources	360,717	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	3,511	8,200	-	-	-	-	-
Total receipts	<u>4,783,183</u>	<u>125,200</u>	<u>2,202</u>	<u>670</u>	<u>-</u>	<u>400</u>	<u>100</u>
Disbursements:							
Current:							
Instruction	3,632,345	7,023	1,882	-	-	-	-
Support services	1,019,105	20,695	-	-	-	-	-
Noninstructional services	-	-	-	670	448	-	-
Facilities acquisition and construction	-	89,276	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>4,651,450</u>	<u>116,994</u>	<u>1,882</u>	<u>670</u>	<u>448</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>131,733</u>	<u>8,206</u>	<u>320</u>	<u>-</u>	<u>(448)</u>	<u>400</u>	<u>100</u>
Cash and investments - ending	<u>\$ 814,189</u>	<u>\$ 16,764</u>	<u>\$ 2,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 100</u>

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Technology	Special Education Part B IDEA Grant	Section 619 Preschool	Part B Stimulus	Clearing Accounts	Part B Preschool Stimulus	Totals
Cash and investments - beginning	\$ -	\$ 248,636	\$ 18,597	\$ 57,913	\$ (6,106)	\$ 23,458	\$ 1,036,212
Receipts:							
Local sources	-	-	-	-	-	-	4,539,327
State sources	2,700	-	-	-	-	-	363,417
Federal sources	-	1,388,870	50,154	570,410	-	2,793	2,012,227
Other	-	-	-	-	1,554,047	-	1,565,758
Total receipts	<u>2,700</u>	<u>1,388,870</u>	<u>50,154</u>	<u>570,410</u>	<u>1,554,047</u>	<u>2,793</u>	<u>8,480,729</u>
Disbursements:							
Current:							
Instruction	-	1,233,991	71,699	475,966	-	12,439	5,435,345
Support services	2,475	456,432	-	153,312	-	33,475	1,685,494
Noninstructional services	-	-	-	-	-	-	1,118
Facilities acquisition and construction	-	-	-	-	-	-	89,276
Nonprogrammed charges	-	-	-	-	1,522,451	-	1,522,451
Total disbursements	<u>2,475</u>	<u>1,690,423</u>	<u>71,699</u>	<u>629,278</u>	<u>1,522,451</u>	<u>45,914</u>	<u>8,733,684</u>
Excess (deficiency) of receipts over disbursements	<u>225</u>	<u>(301,553)</u>	<u>(21,545)</u>	<u>(58,868)</u>	<u>31,596</u>	<u>(43,121)</u>	<u>(252,955)</u>
Cash and investments - ending	<u>\$ 225</u>	<u>\$ (52,917)</u>	<u>\$ (2,948)</u>	<u>\$ (955)</u>	<u>\$ 25,490</u>	<u>\$ (19,663)</u>	<u>\$ 783,257</u>

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Capital Projects	Preschool Supplies	Adult and Continuing Education	Extra- Curricular Activities	Recreational Activities	Cultural Arts	Welfare Activities	School Technology
Cash and investments - beginning	\$ 814,189	\$ 16,764	\$ 2,572	\$ 400	\$ 100	\$ -	\$ -	\$ -	\$ 225
Receipts:									
Local sources	4,651,951	120,029	2,238	-	-	250	350	5,200	-
State sources	445,967	-	-	-	-	-	-	-	4,200
Federal sources	-	-	-	-	-	-	-	-	-
Other	2,661	-	-	-	-	-	-	-	-
Total receipts	<u>5,100,579</u>	<u>120,029</u>	<u>2,238</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>350</u>	<u>5,200</u>	<u>4,200</u>
Disbursements:									
Current:									
Instruction	3,898,728	5,602	1,918	-	-	-	-	1,851	-
Support services	1,356,433	14,109	-	-	-	160	-	-	2,745
Noninstructional services	-	-	-	-	-	-	350	-	-
Facilities acquisition and construction	-	82,416	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,255,161</u>	<u>102,127</u>	<u>1,918</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>350</u>	<u>1,851</u>	<u>2,745</u>
Excess (deficiency) of receipts over disbursements	<u>(154,582)</u>	<u>17,902</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>3,349</u>	<u>1,455</u>
Cash and investments - ending	<u>\$ 659,607</u>	<u>\$ 34,666</u>	<u>\$ 2,892</u>	<u>\$ 400</u>	<u>\$ 100</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 3,349</u>	<u>\$ 1,680</u>

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Special Education Part B IDEA Grant	IDEA Part B 611	Section 619 Preschool	Preschool Grant	Part B Stimulus	Clearing Accounts	Part B Preschool Stimulus	Totals
Cash and investments - beginning	\$ (52,917)	\$ -	\$ (2,948)	\$ -	\$ (955)	\$ 25,490	\$ (19,663)	\$ 783,257
Receipts:								
Local sources	-	-	-	-	-	-	-	4,780,018
State sources	-	-	-	-	-	-	-	450,167
Federal sources	665,764	1,184,943	21,152	74,740	338,209	-	24,122	2,308,930
Other	-	-	-	-	-	1,927,021	-	1,929,682
Total receipts	665,764	1,184,943	21,152	74,740	338,209	1,927,021	24,122	9,468,797
Disbursements:								
Current:								
Instruction	488,897	1,480,824	18,204	74,740	363,156	-	4,459	6,338,379
Support services	123,950	533,332	-	-	(25,902)	-	-	2,004,827
Noninstructional services	-	-	-	-	-	-	-	350
Facilities acquisition and construction	-	-	-	-	-	-	-	82,416
Nonprogrammed charges	-	-	-	-	-	1,930,749	-	1,930,749
Total disbursements	612,847	2,014,156	18,204	74,740	337,254	1,930,749	4,459	10,356,721
Excess (deficiency) of receipts over disbursements	52,917	(829,213)	2,948	-	955	(3,728)	19,663	(887,924)
Cash and investments - ending	\$ -	\$ (829,213)	\$ -	\$ -	\$ -	\$ 21,762	\$ -	\$ (104,667)

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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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE ADAMS-WELLS SPECIAL
SERVICES COOPERATIVE, WELLS COUNTY, INDIANA

Compliance

We have audited the Adams-Wells Special Services Cooperative's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, others within the entity, 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

February 18, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Special Education Cluster (IDEA) Special Education - Grants to States	84.027	14210-001-PN01 14211-001-PN01 14212-001-PN01	\$ 248,636 1,441,787 -	\$ - 612,847 2,014,156
Total for program			<u>1,690,423</u>	<u>2,627,003</u>
Special Education - Preschool Grants	84.173	45710-001-PN01 45711-001-PN01 45712-001-PN01	18,597 53,102 -	- 18,204 74,740
Total for program			<u>71,699</u>	<u>92,944</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-001-SN01	<u>629,278</u>	<u>337,254</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-001-SN01	<u>45,914</u>	<u>4,459</u>
Total for federal grantor agency			<u>2,437,314</u>	<u>3,061,660</u>
Total federal awards expended			<u>\$ 2,437,314</u>	<u>\$ 3,061,660</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Adams-Wells Special Services Cooperative (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 statement.

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

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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:

Name of Federal Program or Cluster

Special Education 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-WELLS SPECIAL SERVICES COOPERATIVE
EXIT CONFERENCE

The contents of this report were discussed on February 18, 2013, with Jeanette F. Jena, Treasurer, and Nikki Sprunger, Special Services Director. Our audit disclosed no material items that warrant comment at this time.