

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH ADAMS COMMUNITY SCHOOLS
ADAMS COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
02/12/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Larry G. Carty	07-01-11 to 06-30-14
Superintendent of Schools	J. Wylie Sirk Brent M. Lehman	07-01-11 to 06-30-13 07-01-13 to 06-30-14
President of the School Board	Timothy B. Ehlerding Michelle R. Stimpson	07-01-11 to 12-31-12 01-01-13 to 12-31-13



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 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 and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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



Paul D. Joyce, CPA
State Examiner

November 26, 2013



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated November 26, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1 to be material weaknesses.

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

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

with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1.

North Adams Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

November 26, 2013

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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.

NORTH ADAMS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Cash and Investments
	07-01-11	Receipts	Disbursements		06-30-12	Receipts	Disbursements	
General	\$ 865,151	\$ 11,774,045	\$ 11,314,266	\$ (400,078)	\$ 924,852	\$ 11,742,580	\$ 10,991,979	\$ 1,675,453
Debt Service	1,716,086	3,390,962	3,521,597	323,657	1,909,108	3,148,462	3,375,401	1,682,169
Retirement/Severance Bond Debt Service	276,707	613,016	625,096	72,647	337,274	598,234	620,874	314,634
Capital Projects	1,305,937	2,084,616	2,399,240	-	991,313	2,269,934	2,397,352	863,895
School Transportation	807,963	1,085,840	1,015,668	(250,000)	628,135	963,547	1,003,416	588,266
School Bus Replacement	933,286	428,601	-	(937,123)	424,764	169,912	282,410	312,266
Rainy Day	1,000,596	-	1,000,458	1,187,123	1,187,261	470	944,552	243,179
Post-Retirement/Severance Future Benefits	105,491	185	69,282	-	36,394	17	36,411	-
School Lunch	307,441	1,301,978	1,375,274	-	234,145	1,229,703	1,388,197	75,651
Textbook Rental	(140,243)	206,052	1,297	5,017	69,529	232,175	16,279	285,425
Joint Services and Supply - Special Education Cooperative	-	-	-	-	-	654,419	361,039	293,380
JSS/Special Education Pre-school	-	-	-	-	-	143,115	148	142,967
JSS/Special Education Capital Project	-	-	-	-	-	34,666	-	34,666
Child Care Program	12,928	51,308	50,219	-	14,017	38,426	41,589	10,854
Educational License Plates	4,049	300	-	-	4,349	225	-	4,574
Alternative Education	10,626	9,305	-	-	19,931	7,998	-	27,929
Early Intervention Grant	174	36,254	31,364	-	5,064	20,000	25,064	-
Early Intervention 2009-2010	27,572	-	27,572	-	-	-	-	-
Wal-Mart Award - Monmouth	178	-	-	-	178	-	-	178
Wal-Mart Northwest Award	839	-	181	-	658	-	-	658
Wal-Mart Southeast Award	579	-	100	-	479	-	389	90
ACCF - Belmont Middle School	6	-	-	-	6	-	-	6
Camp Invention	380	-	-	-	380	160	-	540
Talent Initiative	4,500	37,804	22,532	-	19,772	12,500	12,687	19,585
North Adams School Fund Grant	111	9,899	3,776	-	6,234	12,303	13,095	5,442
Healthy Families/Bellmont High School	15,267	9,605	24,267	-	605	2,775	-	3,380
Southeast Special Education	2,790	-	192	-	2,598	-	237	2,361
Adult and Continuing Education	1,550	2,905	3,641	-	814	-	-	814
Certification/Bellmont High School Test	399	-	-	-	399	90	135	354
Adams County Learning Center	12,381	-	-	-	12,381	-	-	12,381
Welfare Activities	-	-	-	-	-	3,799	3,609	190
Miscellaneous Programs	2,599	1,390	-	-	3,989	650	1,607	3,032
Southeast-Nickelodeon Just Play	447	-	447	-	-	-	-	-
H1N1 Health Service Grant	378	-	-	-	378	-	-	378
ICIAH 2012-2013 Award	-	-	-	-	-	4,500	4,500	-
Gifted and Talented 2009-2010	412	-	412	-	-	-	-	-
Gifted and Talented 2011-2012	16,584	-	16,584	-	-	-	-	-
Gifted and Talented 2012-2013	-	22,266	22,266	-	-	-	-	-
High Ability 2011-2012 Grant	-	32,159	26,446	-	5,713	775	6,488	-
High Ability 2012-2013 Grant	-	-	-	-	-	33,865	28,195	5,670
Medicaid Reimbursement	9,976	29,611	2,099	-	37,488	23,700	2,081	59,107
Cultural Arts	-	1,738	2,318	-	(580)	2,871	2,291	-
Artist In Education	-	-	-	-	-	1,563	-	1,563
Healthy Families 2010-2011	(21,205)	58,013	36,808	-	-	-	-	-

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

NORTH ADAMS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Cash and Investments 06-30-13
Healthy Families 2011-2012	-	155,265	177,573	-	(22,308)	65,318	43,010	-
Healthy Families 2012-2013	-	-	-	-	-	164,777	182,330	(17,553)
Non-English Speaking Programs P.L. 273-1999	209	-	209	-	-	-	-	-
NESP 2012-213 Funding	-	2,486	2,486	-	-	2,545	2,545	-
School Technology	20,350	23,951	44,301	-	-	9,234	-	9,234
Senator David Ford Technology	(16,306)	129,507	170,090	-	(56,889)	146,802	91,702	(1,789)
Title I 2011-2012	-	206,796	238,029	5,257	(25,976)	91,573	65,597	-
Title I 2012-2013	-	-	-	-	-	269,749	299,838	(30,089)
Even Start 2010-2011 Grant	118	43,247	43,365	-	-	-	-	-
Title I 2010-2011	11,062	57,798	63,603	(5,257)	-	-	-	-
Special Services/Federal Grant	-	-	1,953	-	(1,953)	1,441,797	1,760,289	(320,445)
Pre-school Grant FY 2013	-	-	-	-	-	42,817	55,878	(13,061)
Adult Education/Family Literacy 10-11	527	-	527	-	-	-	-	-
Drug Free Schools 2009-2010	(1,031)	3,556	2,525	-	-	-	-	-
Team Nutrition Training Grants	1,717	-	1,717	-	-	-	-	-
Project Lead the Way 2010-2011	-	2,440	2,440	-	-	-	-	-
BMS-PLTW 2010-2012	(3,524)	5,000	1,436	-	40	-	40	-
Area 18 Vocational Education 2011-12	-	16,887	16,887	-	-	-	-	-
Area 18 Vocational Education 2012-13	-	-	-	-	-	21,853	21,853	-
21st Century Learning Center	5,838	47,051	52,889	-	-	-	-	-
21st Century CLC 2011-2012	-	369,727	404,606	-	(34,879)	46,371	11,492	-
21st Century CLC 2012-2013	-	-	1,280	-	(1,280)	387,905	404,275	(17,650)
21st CCLC 2013-2014	-	-	-	-	-	-	4,958	(4,958)
Bellmont Middle School 21st CCLC-LEGO	-	-	-	-	-	900	840	60
Project Lead the Way 2011-2012	-	14,944	14,944	-	-	-	-	-
Title II, Part A 2012-2014	-	-	-	-	-	6,588	12,259	(5,671)
Improving Teaching Quality, No Child Left, Title II, Part A	3,550	106,853	119,229	-	(8,826)	47,708	38,882	-
Title III, Language Instruction	2,160	3,310	5,470	-	-	4,979	4,979	-
Safe Schools Healthy Students 2010-11: Year III	-	15,239	15,239	-	-	-	-	-
Safe Schools Healthy Students 2011-12: Year IV	-	642,686	642,686	-	-	-	-	-
Safe Schools Healthy Students 2012-13: Year V	-	-	-	-	-	583,162	583,162	-
Title I - Grants to LEAs	24,307	-	24,307	-	-	-	-	-
McKinney - Vento Education for Homeless	119	13,556	20,156	-	(6,481)	68,376	68,286	(6,391)
Education Jobs	-	230,061	338,339	-	(108,278)	178,679	70,401	-
Clearing	64,941	3,427,922	3,420,734	-	72,129	4,249,976	4,239,329	82,776
Totals	<u>\$ 7,395,972</u>	<u>\$ 26,706,134</u>	<u>\$ 27,420,422</u>	<u>\$ 1,243</u>	<u>\$ 6,682,927</u>	<u>\$ 29,184,543</u>	<u>\$ 29,521,970</u>	<u>\$ 6,345,500</u>

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

NORTH ADAMS COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENT
 (Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
 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 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement type grants where the expenditures are made and then reimbursement is requested and received later.

Note 8. Restatements

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

<u>Fund Name</u>	<u>Balance as of June 30, 2011</u>	<u>New Fund</u>	<u>Balance as of July 1, 2011</u>
Clearing	<u>\$ -</u>	<u>\$ 64,941</u>	<u>\$ 64,941</u>

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into a capital lease with North Adams Community Schools Renovation Building Corporation (the lessor). The lessor was organized as a for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years ending June 30, 2012 and 2013, totaled \$3,517,960 and \$3,371,400, respectively.

Note 10. *Other Postemployment Benefits*

The School Corporation does not provide postemployment benefits to retirees and their spouses. However, in its reorganization agreement, Adams Wells Special Services Cooperative (AWSSC) contracted with its employees to provide a retirement severance payment to each individual based upon their respective years of employment with AWSSC prior to the reorganization. As Local Education Agency of the reorganized cooperative, North Adams Community Schools now administers issuance of those severance payments. To date, those payments have been covered from unutilized General funds remaining in AWSSC's bank account at the time of their reorganization. There is potential, though, that some financial liability may be generated in future years by this agreement.

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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.

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 865,151	\$ 1,716,086	\$ 276,707	\$ 1,305,937	\$ 807,963	\$ 933,286	\$ 1,000,596
Receipts:							
Local sources	77,353	3,390,962	613,016	2,084,521	1,085,188	428,601	-
Intermediate sources	47	-	-	-	-	-	-
State sources	11,685,663	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	10,982	-	-	95	652	-	-
Total receipts	<u>11,774,045</u>	<u>3,390,962</u>	<u>613,016</u>	<u>2,084,616</u>	<u>1,085,840</u>	<u>428,601</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	7,685,263	-	-	-	-	-	48,373
Support services	3,336,883	-	-	677,213	1,015,668	-	952,085
Noninstructional services	292,120	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,722,027	-	-	-
Debt services	-	3,521,597	625,096	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>11,314,266</u>	<u>3,521,597</u>	<u>625,096</u>	<u>2,399,240</u>	<u>1,015,668</u>	<u>-</u>	<u>1,000,458</u>
Excess (deficiency) of receipts over disbursements	<u>459,779</u>	<u>(130,635)</u>	<u>(12,080)</u>	<u>(314,624)</u>	<u>70,172</u>	<u>428,601</u>	<u>(1,000,458)</u>
Other financing sources (uses):							
Sale of capital assets	1,243	-	-	-	-	-	-
Transfers in	-	328,674	72,647	-	-	-	1,187,123
Transfers out	(401,321)	(5,017)	-	-	(250,000)	(937,123)	-
Total other financing sources (uses)	<u>(400,078)</u>	<u>323,657</u>	<u>72,647</u>	<u>-</u>	<u>(250,000)</u>	<u>(937,123)</u>	<u>1,187,123</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>59,701</u>	<u>193,022</u>	<u>60,567</u>	<u>(314,624)</u>	<u>(179,828)</u>	<u>(508,522)</u>	<u>186,665</u>
Cash and investments - ending	<u>\$ 924,852</u>	<u>\$ 1,909,108</u>	<u>\$ 337,274</u>	<u>\$ 991,313</u>	<u>\$ 628,135</u>	<u>\$ 424,764</u>	<u>\$ 1,187,261</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Post-Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	JSS/Special Education Pre-school	JSS/Special Education Capital Project	Child Care Program
Cash and investments - beginning	\$ 105,491	\$ 307,441	\$ (140,243)	\$ -	\$ -	\$ -	\$ 12,928
Receipts:							
Local sources	185	562,479	132,784	-	-	-	51,308
Intermediate sources	-	-	-	-	-	-	-
State sources	-	13,595	68,435	-	-	-	-
Federal sources	-	717,239	-	-	-	-	-
Other	-	8,665	4,833	-	-	-	-
Total receipts	185	1,301,978	206,052	-	-	-	51,308
Disbursements:							
Current:							
Instruction	44,479	-	-	-	-	-	-
Support services	24,803	57,340	1,297	-	-	-	1,470
Noninstructional services	-	1,317,934	-	-	-	-	48,749
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	69,282	1,375,274	1,297	-	-	-	50,219
Excess (deficiency) of receipts over disbursements	(69,097)	(73,296)	204,755	-	-	-	1,089
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	5,017	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	5,017	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(69,097)	(73,296)	209,772	-	-	-	1,089
Cash and investments - ending	\$ 36,394	\$ 234,145	\$ 69,529	\$ -	\$ -	\$ -	\$ 14,017

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Educational License Plates	Alternative Education	Early Intervention Grant	Early Intervention 2009-2010	Wal-Mart Award - Monmouth	Wal-Mart Northwest Award
Cash and investments - beginning	\$ 4,049	\$ 10,626	\$ 174	\$ 27,572	\$ 178	\$ 839
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	300	-	-	-	-	-
State sources	-	9,305	36,254	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>300</u>	<u>9,305</u>	<u>36,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	31,364	27,572	-	-
Support services	-	-	-	-	-	181
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>31,364</u>	<u>27,572</u>	<u>-</u>	<u>181</u>
Excess (deficiency) of receipts over disbursements	<u>300</u>	<u>9,305</u>	<u>4,890</u>	<u>(27,572)</u>	<u>-</u>	<u>(181)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>300</u>	<u>9,305</u>	<u>4,890</u>	<u>(27,572)</u>	<u>-</u>	<u>(181)</u>
Cash and investments - ending	<u>\$ 4,349</u>	<u>\$ 19,931</u>	<u>\$ 5,064</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 658</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Wal-Mart Southeast Award	ACCF - Bellmont Middle School	Camp Invention	Talent Initiative	North Adams School Fund Grant	Healthy Families/ Bellmont High School
Cash and investments - beginning	\$ 579	\$ 6	\$ 380	\$ 4,500	\$ 111	\$ 15,267
Receipts:						
Local sources	-	-	-	37,804	9,702	9,605
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	197	-
Total receipts	-	-	-	37,804	9,899	9,605
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	100	-	-	22,532	3,776	879
Noninstructional services	-	-	-	-	-	23,388
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	100	-	-	22,532	3,776	24,267
Excess (deficiency) of receipts over disbursements	(100)	-	-	15,272	6,123	(14,662)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100)	-	-	15,272	6,123	(14,662)
Cash and investments - ending	\$ 479	\$ 6	\$ 380	\$ 19,772	\$ 6,234	\$ 605

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Southeast Special Education	Adult and Continuing Education	Certification/ Bellmont High School Test	Adams County Learning Center	Welfare Activities	Miscellaneous Programs
Cash and investments - beginning	\$ 2,790	\$ 1,550	\$ 399	\$ 12,381	\$ -	\$ 2,599
Receipts:						
Local sources	-	2,905	-	-	-	1,390
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390</u>
Disbursements:						
Current:						
Instruction	192	3,641	-	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>192</u>	<u>3,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(192)</u>	<u>(736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>(192)</u>	<u>(736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390</u>
Cash and investments - ending	<u>\$ 2,598</u>	<u>\$ 814</u>	<u>\$ 399</u>	<u>\$ 12,381</u>	<u>\$ -</u>	<u>\$ 3,989</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Southeast- Nickelodeon Just Play	H1N1 Health Service Grant	ICIAH 2012-2013 Award	Gifted and Talented 2009-2010	Gifted and Talented 2011-2012	Gifted and Talented 2012-2013
Cash and investments - beginning	\$ 447	\$ 378	\$ -	\$ 412	\$ 16,584	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	22,266
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	22,266
Disbursements:						
Current:						
Instruction	-	-	-	412	16,584	22,266
Support services	-	-	-	-	-	-
Noninstructional services	447	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	447	-	-	412	16,584	22,266
Excess (deficiency) of receipts over disbursements	(447)	-	-	(412)	(16,584)	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(447)	-	-	(412)	(16,584)	-
Cash and investments - ending	\$ -	\$ 378	\$ -	\$ -	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	High Ability 2011-2012 Grant	High Ability 2012-2013 Grant	Medicaid Reimbursement	Cultural Arts	Artist In Education	Healthy Families 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ 9,976	\$ -	\$ -	\$ (21,205)
Receipts:						
Local sources	-	-	-	-	-	19,326
Intermediate sources	-	-	-	-	-	-
State sources	32,159	-	10,347	1,738	-	38,687
Federal sources	-	-	19,264	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>32,159</u>	<u>-</u>	<u>29,611</u>	<u>1,738</u>	<u>-</u>	<u>58,013</u>
Disbursements:						
Current:						
Instruction	26,446	-	-	-	-	-
Support services	-	-	2,099	-	-	-
Noninstructional services	-	-	-	2,318	-	36,808
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>26,446</u>	<u>-</u>	<u>2,099</u>	<u>2,318</u>	<u>-</u>	<u>36,808</u>
Excess (deficiency) of receipts over disbursements	<u>5,713</u>	<u>-</u>	<u>27,512</u>	<u>(580)</u>	<u>-</u>	<u>21,205</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>5,713</u>	<u>-</u>	<u>27,512</u>	<u>(580)</u>	<u>-</u>	<u>21,205</u>
Cash and investments - ending	<u>\$ 5,713</u>	<u>\$ -</u>	<u>\$ 37,488</u>	<u>\$ (580)</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Healthy Families 2011-2012	Healthy Families 2012-2013	Non-English Speaking Programs P.L. 273-1999	NESP 2012-213 Funding	School Technology	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ -	\$ 209	\$ -	\$ 20,350	\$ (16,306)
Receipts:						
Local sources	-	-	-	-	18,690	-
Intermediate sources	-	-	-	-	-	-
State sources	155,265	-	-	2,486	5,261	129,507
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>155,265</u>	<u>-</u>	<u>-</u>	<u>2,486</u>	<u>23,951</u>	<u>129,507</u>
Disbursements:						
Current:						
Instruction	-	-	209	2,486	-	-
Support services	-	-	-	-	44,301	170,090
Noninstructional services	177,573	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>177,573</u>	<u>-</u>	<u>209</u>	<u>2,486</u>	<u>44,301</u>	<u>170,090</u>
Excess (deficiency) of receipts over disbursements	<u>(22,308)</u>	<u>-</u>	<u>(209)</u>	<u>-</u>	<u>(20,350)</u>	<u>(40,583)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>(22,308)</u>	<u>-</u>	<u>(209)</u>	<u>-</u>	<u>(20,350)</u>	<u>(40,583)</u>
Cash and investments - ending	<u>\$ (22,308)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,889)</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 2011-2012	Title I 2012-2013	Even Start 2010-2011 Grant	Title I 2010-2011	Special Services/Federal Grant	Pre-school Grant FY 2013
Cash and investments - beginning	\$ -	\$ -	\$ 118	\$ 11,062	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	206,796	-	43,247	57,798	-	-
Other	-	-	-	-	-	-
Total receipts	<u>206,796</u>	<u>-</u>	<u>43,247</u>	<u>57,798</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	216,878	-	22,103	57,315	-	-
Support services	18,119	-	21,262	6,288	1,953	-
Noninstructional services	3,032	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>238,029</u>	<u>-</u>	<u>43,365</u>	<u>63,603</u>	<u>1,953</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(31,233)</u>	<u>-</u>	<u>(118)</u>	<u>(5,805)</u>	<u>(1,953)</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	5,257	-	-	-	-	-
Transfers out	-	-	-	(5,257)	-	-
Total other financing sources (uses)	<u>5,257</u>	<u>-</u>	<u>-</u>	<u>(5,257)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(25,976)</u>	<u>-</u>	<u>(118)</u>	<u>(11,062)</u>	<u>(1,953)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (25,976)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,953)</u>	<u>\$ -</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Adult Education/ Family Literacy 10-11	Drug Free Schools 2009-2010	Team Nutrition Training Grants	Project Lead the Way 2010-2011	BMS-PLTW 2010-2012	Area 18 Vocational Education 2011-12
Cash and investments - beginning	\$ 527	\$ (1,031)	\$ 1,717	\$ -	\$ (3,524)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	3,556	-	2,440	5,000	16,887
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>3,556</u>	<u>-</u>	<u>2,440</u>	<u>5,000</u>	<u>16,887</u>
Disbursements:						
Current:						
Instruction	527	-	-	2,440	1,436	16,887
Support services	-	2,525	1,717	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>527</u>	<u>2,525</u>	<u>1,717</u>	<u>2,440</u>	<u>1,436</u>	<u>16,887</u>
Excess (deficiency) of receipts over disbursements	<u>(527)</u>	<u>1,031</u>	<u>(1,717)</u>	<u>-</u>	<u>3,564</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>(527)</u>	<u>1,031</u>	<u>(1,717)</u>	<u>-</u>	<u>3,564</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ -</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Area 18 Vocational Education 2012-13	21st Century Learning Center	21st Century CLC 2011-2012	21st Century CLC 2012-2013	21st CCLC 2013-2014	Bellmont Middle School 21st CCLC-LEGO
Cash and investments - beginning	\$ -	\$ 5,838	\$ -	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	7,009	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	40,042	369,727	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	47,051	369,727	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	52,889	404,606	1,280	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	52,889	404,606	1,280	-	-
Excess (deficiency) of receipts over disbursements	-	(5,838)	(34,879)	(1,280)	-	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,838)	(34,879)	(1,280)	-	-
Cash and investments - ending	\$ -	\$ -	\$ (34,879)	\$ (1,280)	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Project Lead the Way 2011-2012	Title II, Part A 2012-2014	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Safe Schools Healthy Students 2010-11: Year III	Safe Schools Healthy Students 2011-12: Year IV
Cash and investments - beginning	\$ -	\$ -	\$ 3,550	\$ 2,160	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	14,944	-	106,853	3,310	15,239	642,686
Other	-	-	-	-	-	-
Total receipts	<u>14,944</u>	<u>-</u>	<u>106,853</u>	<u>3,310</u>	<u>15,239</u>	<u>642,686</u>
Disbursements:						
Current:						
Instruction	14,944	-	-	-	-	-
Support services	-	-	119,229	5,470	-	-
Noninstructional services	-	-	-	-	15,239	642,686
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>14,944</u>	<u>-</u>	<u>119,229</u>	<u>5,470</u>	<u>15,239</u>	<u>642,686</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(12,376)</u>	<u>(2,160)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
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>-</u>	<u>-</u>	<u>(12,376)</u>	<u>(2,160)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Safe Schools Healthy Students 2012-13: Year V	Title I - Grants to LEAs	McKinney - Vento Education for Homeless	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ 24,307	\$ 119	\$ -	\$ 64,941	\$ 7,395,972
Receipts:						
Local sources	-	-	-	-	-	8,532,828
Intermediate sources	-	-	-	-	-	347
State sources	-	-	-	-	-	12,210,968
Federal sources	-	-	13,556	230,061	-	2,508,645
Other	-	-	-	-	3,427,922	3,453,346
Total receipts	-	-	13,556	230,061	3,427,922	26,706,134
Disbursements:						
Current:						
Instruction	-	24,307	-	338,339	-	8,604,463
Support services	-	-	2,266	-	-	6,948,321
Noninstructional services	-	-	17,890	-	-	2,578,184
Facilities acquisition and construction	-	-	-	-	-	1,722,027
Debt services	-	-	-	-	-	4,146,693
Nonprogrammed charges	-	-	-	-	3,420,734	3,420,734
Total disbursements	-	24,307	20,156	338,339	3,420,734	27,420,422
Excess (deficiency) of receipts over disbursements	-	(24,307)	(6,600)	(108,278)	7,188	(714,288)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	1,243
Transfers in	-	-	-	-	-	1,598,718
Transfers out	-	-	-	-	-	(1,598,718)
Total other financing sources (uses)	-	-	-	-	-	1,243
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(24,307)	(6,600)	(108,278)	7,188	(713,045)
Cash and investments - ending	\$ -	\$ -	\$ (6,481)	\$ (108,278)	\$ 72,129	\$ 6,682,927

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 924,852	\$ 1,909,108	\$ 337,274	\$ 991,313	\$ 628,135	\$ 424,764	\$ 1,187,261
Receipts:							
Local sources	147,789	3,143,389	598,234	2,269,905	963,424	169,912	470
Intermediate sources	25	-	-	-	-	-	-
State sources	11,580,864	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	13,902	5,073	-	29	123	-	-
Total receipts	<u>11,742,580</u>	<u>3,148,462</u>	<u>598,234</u>	<u>2,269,934</u>	<u>963,547</u>	<u>169,912</u>	<u>470</u>
Disbursements:							
Current:							
Instruction	7,526,794	-	-	-	-	-	44,504
Support services	3,191,078	-	-	822,042	1,003,416	282,410	833,009
Noninstructional services	272,757	-	-	-	-	-	-
Facilities acquisition and construction	1,350	-	-	1,575,310	-	-	67,039
Debt services	-	3,375,401	620,874	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>10,991,979</u>	<u>3,375,401</u>	<u>620,874</u>	<u>2,397,352</u>	<u>1,003,416</u>	<u>282,410</u>	<u>944,552</u>
Excess (deficiency) of receipts over disbursements	<u>750,601</u>	<u>(226,939)</u>	<u>(22,640)</u>	<u>(127,418)</u>	<u>(39,869)</u>	<u>(112,498)</u>	<u>(944,082)</u>
Cash and investments - ending	<u>\$ 1,675,453</u>	<u>\$ 1,682,169</u>	<u>\$ 314,634</u>	<u>\$ 863,895</u>	<u>\$ 588,266</u>	<u>\$ 312,266</u>	<u>\$ 243,179</u>

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

	Post-Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	JSS/Special Education Pre-school	JSS/Special Education Capital Project	Child Care Program
Cash and investments - beginning	\$ 36,394	\$ 234,145	\$ 69,529	\$ -	\$ -	\$ -	\$ 14,017
Receipts:							
Local sources	17	484,464	161,513	564,275	143,115	34,666	38,426
Intermediate sources	-	-	-	-	-	-	-
State sources	-	13,299	67,783	90,144	-	-	-
Federal sources	-	713,538	-	-	-	-	-
Other	-	18,402	2,879	-	-	-	-
Total receipts	17	1,229,703	232,175	654,419	143,115	34,666	38,426
Disbursements:							
Current:							
Instruction	24,373	-	-	197,301	148	-	-
Support services	12,038	57,467	16,279	163,738	-	-	50
Noninstructional services	-	1,330,730	-	-	-	-	41,539
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	36,411	1,388,197	16,279	361,039	148	-	41,589
Excess (deficiency) of receipts over disbursements	(36,394)	(158,494)	215,896	293,380	142,967	34,666	(3,163)
Cash and investments - ending	\$ -	\$ 75,651	\$ 285,425	\$ 293,380	\$ 142,967	\$ 34,666	\$ 10,854

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

	Educational License Plates	Alternative Education	Early Intervention Grant	Early Intervention 2009-2010	Wal-Mart Award - Monmouth	Wal-Mart Northwest Award
Cash and investments - beginning	\$ 4,349	\$ 19,931	\$ 5,064	\$ -	\$ 178	\$ 658
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	225	-	-	-	-	-
State sources	-	7,998	20,000	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>225</u>	<u>7,998</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	25,064	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>25,064</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>225</u>	<u>7,998</u>	<u>(5,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,574</u>	<u>\$ 27,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 658</u>

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

	Wal-Mart Southeast Award	ACCF - Bellmont Middle School	Camp Invention	Talent Initiative	North Adams School Fund Grant	Healthy Families/ Bellmont High School
Cash and investments - beginning	\$ 479	\$ 6	\$ 380	\$ 19,772	\$ 6,234	\$ 605
Receipts:						
Local sources	-	-	160	12,500	11,898	2,775
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	405	-
Total receipts	<u>-</u>	<u>-</u>	<u>160</u>	<u>12,500</u>	<u>12,303</u>	<u>2,775</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	389	-	-	12,687	13,095	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>389</u>	<u>-</u>	<u>-</u>	<u>12,687</u>	<u>13,095</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(389)</u>	<u>-</u>	<u>160</u>	<u>(187)</u>	<u>(792)</u>	<u>2,775</u>
Cash and investments - ending	<u>\$ 90</u>	<u>\$ 6</u>	<u>\$ 540</u>	<u>\$ 19,585</u>	<u>\$ 5,442</u>	<u>\$ 3,380</u>

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

	Southeast Special Education	Adult and Continuing Education	Certification/ Bellmont High School Test	Adams County Learning Center	Welfare Activities	Miscellaneous Programs
Cash and investments - beginning	\$ 2,598	\$ 814	\$ 399	\$ 12,381	\$ -	\$ 3,989
Receipts:						
Local sources	-	-	90	-	3,799	650
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>3,799</u>	<u>650</u>
Disbursements:						
Current:						
Instruction	237	-	135	-	3,609	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	1,607
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>237</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>3,609</u>	<u>1,607</u>
Excess (deficiency) of receipts over disbursements	<u>(237)</u>	<u>-</u>	<u>(45)</u>	<u>-</u>	<u>190</u>	<u>(957)</u>
Cash and investments - ending	<u>\$ 2,361</u>	<u>\$ 814</u>	<u>\$ 354</u>	<u>\$ 12,381</u>	<u>\$ 190</u>	<u>\$ 3,032</u>

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

	Southeast- Nickelodeon Just Play	H1N1 Health Service Grant	ICIAH 2012-2013 Award	Gifted and Talented 2009-2010	Gifted and Talented 2011-2012	Gifted and Talented 2012-2013
Cash and investments - beginning	\$ -	\$ 378	\$ -	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	-	4,500	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	4,500	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	4,500	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	4,500	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 378	\$ -	\$ -	\$ -	\$ -

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

	High Ability 2011-2012 Grant	High Ability 2012-2013 Grant	Medicaid Reimbursement	Cultural Arts	Artist In Education	Healthy Families 2010-2011
Cash and investments - beginning	\$ 5,713	\$ -	\$ 37,488	\$ (580)	\$ -	\$ -
Receipts:						
Local sources	775	-	-	-	1,563	-
Intermediate sources	-	-	-	-	-	-
State sources	-	33,865	8,114	2,871	-	-
Federal sources	-	-	15,586	-	-	-
Other	-	-	-	-	-	-
Total receipts	775	33,865	23,700	2,871	1,563	-
Disbursements:						
Current:						
Instruction	6,488	28,195	-	-	-	-
Support services	-	-	2,081	-	-	-
Noninstructional services	-	-	-	2,291	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	6,488	28,195	2,081	2,291	-	-
Excess (deficiency) of receipts over disbursements	(5,713)	5,670	21,619	580	1,563	-
Cash and investments - ending	\$ -	\$ 5,670	\$ 59,107	\$ -	\$ 1,563	\$ -

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

	Healthy Families 2011-2012	Healthy Families 2012-2013	Non-English Speaking Programs P.L. 273-1999	NESP 2012-213 Funding	School Technology	Senator David Ford Technology
Cash and investments - beginning	\$ (22,308)	\$ -	\$ -	\$ -	\$ -	\$ (56,889)
Receipts:						
Local sources	-	-	-	-	9,234	2,322
Intermediate sources	-	-	-	-	-	-
State sources	65,318	164,777	-	2,545	-	144,480
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>65,318</u>	<u>164,777</u>	<u>-</u>	<u>2,545</u>	<u>9,234</u>	<u>146,802</u>
Disbursements:						
Current:						
Instruction	-	-	-	2,545	-	-
Support services	-	-	-	-	-	91,702
Noninstructional services	43,010	182,330	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>43,010</u>	<u>182,330</u>	<u>-</u>	<u>2,545</u>	<u>-</u>	<u>91,702</u>
Excess (deficiency) of receipts over disbursements	<u>22,308</u>	<u>(17,553)</u>	<u>-</u>	<u>-</u>	<u>9,234</u>	<u>55,100</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (17,553)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,234</u>	<u>\$ (1,789)</u>

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

	Title I 2011-2012	Title I 2012-2013	Even Start 2010-2011 Grant	Title I 2010-2011	Special Services/Federal Grant	Pre-school Grant FY 2013
Cash and investments - beginning	\$ (25,976)	\$ -	\$ -	\$ -	\$ (1,953)	\$ -
Receipts:						
Local sources	-	-	-	-	23,824	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	91,573	269,749	-	-	1,417,973	42,817
Other	-	-	-	-	-	-
Total receipts	91,573	269,749	-	-	1,441,797	42,817
Disbursements:						
Current:						
Instruction	65,050	267,834	-	-	818,566	55,878
Support services	547	29,615	-	-	861,962	-
Noninstructional services	-	2,389	-	-	-	-
Facilities acquisition and construction	-	-	-	-	79,761	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	65,597	299,838	-	-	1,760,289	55,878
Excess (deficiency) of receipts over disbursements	25,976	(30,089)	-	-	(318,492)	(13,061)
Cash and investments - ending	\$ -	\$ (30,089)	\$ -	\$ -	\$ (320,445)	\$ (13,061)

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

	Adult Education/ Family Literacy 10-11	Drug Free Schools 2009-2010	Team Nutrition Training Grants	Project Lead the Way 2010-2011	BMS-PLTW 2010-2012	Area 18 Vocational Education 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	40	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	-	-	40	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(40)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Area 18 Vocational Education 2012-13	21st Century Learning Center	21st Century CLC 2011-2012	21st Century CLC 2012-2013	21st CCLC 2013-2014	Bellmont Middle School 21st CCLC-LEGO
Cash and investments - beginning	\$ -	\$ -	\$ (34,879)	\$ (1,280)	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	21,853	-	46,371	387,905	-	900
Other	-	-	-	-	-	-
Total receipts	<u>21,853</u>	<u>-</u>	<u>46,371</u>	<u>387,905</u>	<u>-</u>	<u>900</u>
Disbursements:						
Current:						
Instruction	21,853	-	-	-	-	-
Support services	-	-	11,492	404,275	4,958	840
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>21,853</u>	<u>-</u>	<u>11,492</u>	<u>404,275</u>	<u>4,958</u>	<u>840</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>34,879</u>	<u>(16,370)</u>	<u>(4,958)</u>	<u>60</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,650)</u>	<u>\$ (4,958)</u>	<u>\$ 60</u>

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

	Project Lead the Way 2011-2012	Title II Part A 2012-2014	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Safe Schools Healthy Students 2010-11: Year III	Safe Schools Healthy Students 2011-12: Year IV
Cash and investments - beginning	\$ -	\$ -	\$ (8,826)	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	6,588	47,708	4,979	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>6,588</u>	<u>47,708</u>	<u>4,979</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	12,259	38,882	4,979	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>12,259</u>	<u>38,882</u>	<u>4,979</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(5,671)</u>	<u>8,826</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (5,671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Safe Schools Healthy Students 2012-13: Year V	Title I - Grants to LEAs	McKinney - Vento Education for Homeless	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (6,481)	\$ (108,278)	\$ 72,129	\$ 6,682,927
Receipts:						
Local sources	4,805	-	-	-	-	8,798,494
Intermediate sources	-	-	-	-	-	250
State sources	-	-	-	-	-	12,202,058
Federal sources	578,357	-	68,376	178,679	-	3,892,952
Other	-	-	-	-	4,249,976	4,290,789
Total receipts	583,162	-	68,376	178,679	4,249,976	29,184,543
Disbursements:						
Current:						
Instruction	-	-	-	70,401	-	9,159,015
Support services	-	-	-	-	-	7,875,790
Noninstructional services	583,162	-	68,286	-	-	2,528,101
Facilities acquisition and construction	-	-	-	-	-	1,723,460
Debt services	-	-	-	-	-	3,996,275
Nonprogrammed charges	-	-	-	-	4,239,329	4,239,329
Total disbursements	583,162	-	68,286	70,401	4,239,329	29,521,970
Excess (deficiency) of receipts over disbursements	-	-	90	108,278	10,647	(337,427)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,391)</u>	<u>\$ -</u>	<u>\$ 82,776</u>	<u>\$ 6,345,500</u>

NORTH ADAMS COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Capital leases	North Adams Community Schools Renovations	\$ 7,965,786	\$ 2,518,516
Capital leases	North Adams Community Schools Guaranteed Energy Savings	3,490,000	464,346
General obligation bonds	Finance Retirement/Severance Liabilities	<u>5,515,000</u>	<u>620,609</u>
Totals		<u>\$ 16,970,786</u>	<u>\$ 3,603,471</u>

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 249,776
Buildings	26,289,889
Improvements other than buildings	462,468
Machinery, equipment, and vehicles	<u>7,699,433</u>
Total capital assets	<u>\$ 34,701,566</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the North Adams Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-2. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-2 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

November 26, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 11-12/12-13	\$ 136,263	\$ 143,575
School Breakfast Commodities			FY 11-12/12-13	<u>18,203</u>	<u>20,574</u>
Total - School Breakfast Program				<u>154,466</u>	<u>164,149</u>
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555			
After School Snack Reimbursements			FY 11-12/12-13	446,129	460,224
National School Lunch Commodities			FY 11-12/12-13	35,460	32,789
			FY 11-12/12-13	<u>59,598</u>	<u>65,462</u>
Total - National School Lunch Program				<u>541,187</u>	<u>558,475</u>
Summer Food Service Program for Children					
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY 11-12/12-13	<u>99,387</u>	<u>76,950</u>
Total - Child Nutrition Cluster				<u>795,040</u>	<u>799,574</u>
Total - Department of Agriculture				<u>795,040</u>	<u>799,574</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Regular Funding			11-0025	57,798	-
Regular Funding			12-0025	206,796	91,574
Regular Funding			13-0025	<u>-</u>	<u>269,748</u>
Total - Title I Grants to Local Educational Agencies				<u>264,594</u>	<u>361,322</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389			
			11-0025	<u>24,307</u>	<u>-</u>
Total - Title I, Part A Cluster				<u>288,901</u>	<u>361,322</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	14213-001-PN01	<u>-</u>	<u>1,417,973</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	14713-001-PN01	<u>-</u>	<u>42,817</u>
Total - Special Education Cluster (IDEA)				<u>-</u>	<u>1,460,790</u>
Safe and Drug-Free Schools and Communities - National Programs					
National Programs	Direct Grant	84.184			
			FY 10-11	15,239	-
			FY 11-12	642,686	-
			FY 12-13	<u>-</u>	<u>578,357</u>
Total - Safe and Drug-Free Schools and Communities - National Programs				<u>657,925</u>	<u>578,357</u>

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

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>					
Adult Education - Basic Grants to States	Indiana Department of Education	84.002	FY2011-8027	<u>527</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	Jay School Corporation Bluffton-Harrison MSD	84.048	11-6200-8445 12-4700-8445 13-4700-8445	14,944 16,887 <u>-</u>	- - <u>21,853</u>
Total - Career and Technical Education - Basic Grants to States				<u>31,831</u>	<u>21,853</u>
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09-0025	<u>2,525</u>	<u>-</u>
Education for Homeless Children and Youth	Indiana Department of Education	84.196	FY11-12 (Year III) FY12-13 (Year IV)	13,556 <u>-</u>	- <u>68,376</u>
Total - Education for Homeless Children and Youth				<u>13,556</u>	<u>68,376</u>
Even Start - State Educational Agencies	Indiana Department of Education	84.213	A-58-0-10DL-029	<u>43,247</u>	<u>-</u>
Tech-Prep Education	Indiana Department of Workforce Development	84.243	A58-1-11CL-066	<u>2,440</u>	<u>-</u>
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	FY10-11 FY11-12 FY12-13	45,880 369,727 <u>-</u>	- 46,371 <u>387,905</u>
Total - Twenty-First Century Community Learning Centers				<u>415,607</u>	<u>434,276</u>
English Language Acquisition Grants	South Adams Schools	84.365	FY 10-11 FY 11-12 FY 12-13	2,160 3,310 <u>-</u>	- - <u>4,979</u>
Total - English Language Acquisition Grants				<u>5,470</u>	<u>4,979</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 09 FY 10 FY 11 FY 12	3,918 78,362 28,123 <u>-</u>	- 16,138 31,570 <u>6,588</u>
Total - Improving Teacher Quality State Grants				<u>110,403</u>	<u>54,296</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 11-12 (0025)	<u>230,061</u>	<u>178,680</u>
Total - Department of Education				<u>1,802,493</u>	<u>3,162,929</u>
Total federal awards expended				<u>\$ 2,597,533</u>	<u>\$ 3,962,503</u>

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

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

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2013
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 18,203	\$ 20,574
National School Lunch Program	10.555	<u>59,598</u>	<u>65,462</u>
Totals for cluster		<u>\$ 77,801</u>	<u>\$ 86,036</u>

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.184	Special Education Cluster (IDEA) Safe and Drug-Free Schools and Communities - National Programs
84.287	Twenty-First Century Community Learning Centers
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

**FINDING 2013-1 - CONTROLS OVER PREPARING THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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

During the audit of the SEFA, we noted that the School Corporation had omitted numerous federal programs from their SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

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

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

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

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

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

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-2 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Education

Federal Program: Safe and Drug-Free Schools and Communities - National Programs

CFDA Number: 84.184

Federal Award Number and Year (or Other Identifying Number): FY10-11, FY11-12, FY12-13

The School Corporation maintains a record of capital assets. The capital asset policy requires that any purchase of equipment that exceeds \$2,500 be recorded. Alarm monitoring systems totaling \$70,337 were purchased with Safe and Drug-Free Schools and Communities - National Program funds during the audit period but were not recorded on any capital asset record. No internal controls were in place to ensure that equipment purchased with Safe and Drug-Free Schools and Communities – National Program funds were being accounted for properly.

Pursuant to 34 CFR 80.32 Equipment:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

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

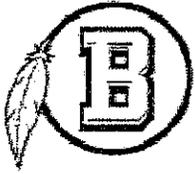
- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions."

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

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

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

We recommended the School Corporation design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment are conducted at least every two years and reconciled to the detailed capital assets ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.



North Adams Community Schools

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 20, 2013

Finding Number 2011-1

Original SBA Audit Report Number: B40047

Fiscal Year 7/1/2009 to 6/30/2011

Auditee Contact Person Larry G. Carty

Title of Contact Person Treasurer

Phone Number 260-724-7146

Status of Finding: ARRA – Title I Grants to Local Educational Agencies, Recovery Act CFDA #84.389

North Adams Community Schools continues to monitor grant fund balances and expenditures. All Federal grants currently received through Indiana Department of Education (INDOE) are administered on a reimbursement-type basis. Since grant expenditures are therefore made before any reimbursement can be received, a negative balance is maintained in the respective fund. Consequently, cash management is in compliance.

Larry G. Carty
Treasurer
North Adams Community Schools



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November 20, 2013

Financial Statement Findings 2013-1: Internal Controls Over Financial Transactions and Reporting – Schedule of Expenditures of Federal Awards (SEFA)

Corrective Action: The Treasurer and Deputy Treasurer, respectively, of North Adams Community Schools will establish internal controls when preparing the Expenditures of Federal Awards Reporting. In compliance with the Federal Law requiring proper oversight and reviews, the Deputy Treasurer will prepare the report from the compiled yearly expenditures, and the Treasurer will review and submit the report.

Larry G. Carty
Treasurer
North Adams Community Schools



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November 20, 2013

Federal Finding 2013-2: Equipment and Real Property Management

Federal Agency: Department of Education

Federal Program: Safe and Drug-Free Schools and Communities – National Programs

CFDA Number: 84.184

Federal Award Year: FY 10-11, FY 11-12, FY 12-13

Direct Grant

Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the equipment and real property management finding. All equipment purchased through federal funds will be accounted for in a supplemental asset inventory ledger.

Brent Lehman
Superintendent

Larry G. Carty
Treasurer

NORTH ADAMS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2013, with Larry G. Carty, Treasurer, and Brent M. Lehman, Superintendent of Schools.