

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**

02/18/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 .....	6-7
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	11
Notes to Financial Statement .....	12-16
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	18-29
Schedule of Payables and Receivables .....	31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets .....	33
Audit Result and Comment: Annual Report .....	34
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance .....	36-37
Schedule of Expenditures of Federal Awards .....	41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-45
Auditee Prepared Schedule: Corrective Action Plan .....	46
Exit Conference .....	47

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya J. Pearson	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Mary Sugg Lovejoy Daniel A. Noel	07-01-09 to 06-30-12 07-01-12 to 06-30-18
President of the School Board	(Vacant) Debra K. Sillery John Hays	07-01-11 to 07-20-11 07-21-11 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the North Putnam Community School Corporation (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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

November 26, 2013



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 PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM 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 Putnam Community School Corporation (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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1 to be a material weakness.

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

***Compliance and Other Matters***

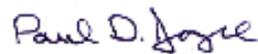
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1.

***North Putnam Community School Corporation's 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

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
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 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Cash and Investments 06-30-13
General	\$ 384,310	\$ 10,590,982	\$ 9,967,475	\$ -	\$ 1,007,817	\$ 10,474,993	\$ 9,551,016	\$ 1,931,794
Debt Service	522,586	1,589,616	1,333,926	11,446	789,722	1,399,085	1,331,691	857,116
Retirement/ Severance Bond Debt Service	102,405	277,137	237,280	-	142,262	233,188	235,309	140,141
Capital Projects	687,573	1,489,169	1,286,891	10,054	899,905	1,540,904	1,632,514	808,295
School Transportation	157,765	1,030,609	987,407	5,927	206,894	1,077,183	1,002,289	281,788
School Bus Replacement	200,001	337,722	309,942	2,118	229,899	312,551	370,375	172,075
Rainy Day	627,816	-	62,458	-	565,358	-	-	565,358
Retirement/ Severance Bond	888,562	360	131,241	-	757,681	198	93,975	663,904
School Lunch	196,386	862,327	867,952	-	190,761	843,939	883,225	151,475
Textbook Rental	7,069	127,998	119,699	-	15,368	161,562	148,697	28,233
Levy Excess	-	1,357	-	28,159	29,516	8,143	-	37,659
2011-2012 ONT Local	77,194	87,987	87,652	-	77,529	-	62,501	15,028
Alternative Education	-	535	-	-	535	1,835	535	1,835
Putnam Co. Foundation Grant	703	1,538	523	-	1,718	500	-	2,218
Duke Energy Grant	1,000	5,000	-	-	6,000	-	-	6,000
Walmart Grant/ RD	1,038	-	-	-	1,038	-	217	821
Living to Serve (FFA)	536	-	-	-	536	-	19	517
McDonald's Grant/ Middle School	-	500	500	-	-	-	-	-
Walmart Grant/ Middle School	500	-	322	-	178	-	-	178
Walmart Grant/ High School	-	1,500	100	-	1,400	5,000	-	6,400
Putnam Co. Foundation Grant/ High School	-	5,000	463	-	4,537	-	4,536	1
Lily Science Outreach Grant	-	236	236	-	-	-	-	-
Wellness Program	4,435	1,716	3,936	-	2,215	800	888	2,127
2010-2011 High Ability	21,243	-	21,243	-	-	-	-	-
2011-2012 High Ability	-	30,987	29,435	-	1,552	30,880	25,124	7,308
2009-2010 Drug Free	2,626	1,400	1,619	-	2,407	-	-	2,407
Medicaid Reimbursement	43,731	9,369	7,391	-	45,709	8,407	5,910	48,206
Energy Challenge Award	8,250	-	-	-	8,250	-	-	8,250
Non-English Speaking Programs P.L. 273-1999	41	-	-	-	41	-	-	41
USAC Grant/ TDS	22,362	25,722	7,252	-	40,832	24,726	6,930	58,628
Excess PTRC Distributions	29,545	-	-	(29,545)	-	-	-	-
2010-2011 Title I	7,578	30,968	38,546	-	-	-	-	-
2011-2012 Title I	-	238,560	238,559	-	1	-	-	1
20012-2013 Title I	-	-	-	-	-	256,441	256,441	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	37,796	(37,796)
2009-2010 Title IV Drug Free	2,391	-	2,392	-	(1)	-	-	(1)
Improving Teaching Quality, No Child Left, Title II, Part A	-	22,686	22,686	-	-	-	-	-
Title I - Grants to LEAs	21,779	16,210	37,989	-	-	-	-	-
Education Jobs	4,498	73,790	78,288	-	-	7,097	7,098	(1)
Payroll Withholding	128,980	2,605,053	2,566,555	-	167,478	2,486,478	2,490,480	163,476
<b>Totals</b>	<b>\$ 4,152,903</b>	<b>\$ 19,466,034</b>	<b>\$ 18,449,958</b>	<b>\$ 28,159</b>	<b>\$ 5,197,138</b>	<b>\$ 18,873,910</b>	<b>\$ 18,147,566</b>	<b>\$ 5,923,482</b>

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
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. Receipts are recorded when received and disbursements are recorded when paid.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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:

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

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

*G. Fund Accounting*

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

**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.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

*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.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 Deficit**

The financial statement contains a fund with deficit in cash. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2013.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with North Putnam Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the 2011-2012 and 2012-2013 school years totaled \$1,162,000 each year.

**Note 9. Other Postemployment Benefit**

The School Corporation provides to eligible retirees and their spouses the following benefit: partial payment of premiums for the School Corporation's healthcare plan. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefit can be obtained by contacting the School Corporation.

## 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 PUTNAM COMMUNITY SCHOOL CORPORATION  
 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	\$ 384,310	\$ 522,586	\$ 102,405	\$ 687,573	\$ 157,765	\$ 200,001	\$ 627,816
Receipts:							
Local sources	54,184	1,589,616	277,137	1,489,169	1,029,468	337,722	-
State sources	10,516,859	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	19,939	-	-	-	1,141	-	-
Total receipts	<u>10,590,982</u>	<u>1,589,616</u>	<u>277,137</u>	<u>1,489,169</u>	<u>1,030,609</u>	<u>337,722</u>	<u>-</u>
Disbursements:							
Instruction	6,964,419	-	-	-	-	-	-
Support services	2,638,760	-	-	570,207	987,407	309,942	62,458
Noninstructional services	114,296	-	-	-	-	-	-
Facilities acquisition and construction	-	124,400	-	716,684	-	-	-
Debt services	250,000	1,209,526	237,280	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>9,967,475</u>	<u>1,333,926</u>	<u>237,280</u>	<u>1,286,891</u>	<u>987,407</u>	<u>309,942</u>	<u>62,458</u>
Excess (deficiency) of receipts over disbursements	<u>623,507</u>	<u>255,690</u>	<u>39,857</u>	<u>202,278</u>	<u>43,202</u>	<u>27,780</u>	<u>(62,458)</u>
Other financing sources (uses):							
Transfers in	-	11,446	-	10,054	5,927	2,118	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>11,446</u>	<u>-</u>	<u>10,054</u>	<u>5,927</u>	<u>2,118</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>623,507</u>	<u>267,136</u>	<u>39,857</u>	<u>212,332</u>	<u>49,129</u>	<u>29,898</u>	<u>(62,458)</u>
Cash and investments - ending	<u>\$ 1,007,817</u>	<u>\$ 789,722</u>	<u>\$ 142,262</u>	<u>\$ 899,905</u>	<u>\$ 206,894</u>	<u>\$ 229,899</u>	<u>\$ 565,358</u>

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

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	2011-2012 ONT Local	Alternative Education	Putnam Co. Foundation Grant
Cash and investments - beginning	\$ 888,562	\$ 196,386	\$ 7,069	\$ -	\$ 77,194	\$ -	\$ 703
Receipts:							
Local sources	360	453,051	70,373	1,357	87,987	-	1,538
State sources	-	8,957	57,625	-	-	535	-
Federal sources	-	400,319	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>360</u>	<u>862,327</u>	<u>127,998</u>	<u>1,357</u>	<u>87,987</u>	<u>535</u>	<u>1,538</u>
Disbursements:							
Instruction	131,241	-	-	-	87,652	-	-
Support services	-	-	119,699	-	-	-	523
Noninstructional services	-	867,952	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>131,241</u>	<u>867,952</u>	<u>119,699</u>	<u>-</u>	<u>87,652</u>	<u>-</u>	<u>523</u>
Excess (deficiency) of receipts over disbursements	<u>(130,881)</u>	<u>(5,625)</u>	<u>8,299</u>	<u>1,357</u>	<u>335</u>	<u>535</u>	<u>1,015</u>
Other financing sources (uses):							
Transfers in	-	-	-	28,159	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(130,881)</u>	<u>(5,625)</u>	<u>8,299</u>	<u>29,516</u>	<u>335</u>	<u>535</u>	<u>1,015</u>
Cash and investments - ending	<u>\$ 757,681</u>	<u>\$ 190,761</u>	<u>\$ 15,368</u>	<u>\$ 29,516</u>	<u>\$ 77,529</u>	<u>\$ 535</u>	<u>\$ 1,718</u>

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

	Duke Energy Grant	Walmart Grant/ RD	Living to Serve (FFA)	McDonald's Grant/ Middle School	Walmart Grant/ Middle School	Walmart Grant/ High School	Putnam Co. Foundation Grant/ High School
Cash and investments - beginning	\$ 1,000	\$ 1,038	\$ 536	\$ -	\$ 500	\$ -	\$ -
Receipts:							
Local sources	5,000	-	-	500	-	1,500	5,000
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	5,000	-	-	500	-	1,500	5,000
Disbursements:							
Instruction	-	-	-	487	-	-	-
Support services	-	-	-	-	322	100	463
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	13	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	500	322	100	463
Excess (deficiency) of receipts over disbursements	5,000	-	-	-	(322)	1,400	4,537
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,000	-	-	-	(322)	1,400	4,537
Cash and investments - ending	\$ 6,000	\$ 1,038	\$ 536	\$ -	\$ 178	\$ 1,400	\$ 4,537

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

	Lily Science Outreach Grant	Wellness Program	2010-2011 High Ability	2011-2012 High Ability	2009-2010 Drug Free	Medicaid Reimbursement	Energy Challenge Award
Cash and investments - beginning	\$ -	\$ 4,435	\$ 21,243	\$ -	\$ 2,626	\$ 43,731	\$ 8,250
Receipts:							
Local sources	236	1,716	-	-	1,400	14	-
State sources	-	-	-	30,987	-	9,355	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>236</u>	<u>1,716</u>	<u>-</u>	<u>30,987</u>	<u>1,400</u>	<u>9,369</u>	<u>-</u>
Disbursements:							
Instruction	236	3,936	453	27,965	-	-	-
Support services	-	-	20,790	1,470	-	7,391	-
Noninstructional services	-	-	-	-	1,619	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>236</u>	<u>3,936</u>	<u>21,243</u>	<u>29,435</u>	<u>1,619</u>	<u>7,391</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(2,220)</u>	<u>(21,243)</u>	<u>1,552</u>	<u>(219)</u>	<u>1,978</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(2,220)</u>	<u>(21,243)</u>	<u>1,552</u>	<u>(219)</u>	<u>1,978</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,215</u>	<u>\$ -</u>	<u>\$ 1,552</u>	<u>\$ 2,407</u>	<u>\$ 45,709</u>	<u>\$ 8,250</u>

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

	Non-English Speaking Programs P.L. 273-1999	USAC Grant/ TDS	Excess PTRC Distributions	2010-2011 Title I	2011-2012 Title I	20012-2013 Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 41	\$ 22,362	\$ 29,545	\$ 7,578	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	25,722	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	30,968	238,560	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	25,722	-	30,968	238,560	-	-
Disbursements:							
Instruction	-	-	-	38,546	238,559	-	-
Support services	-	7,252	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	7,252	-	38,546	238,559	-	-
Excess (deficiency) of receipts over disbursements	-	18,470	-	(7,578)	1	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(29,545)	-	-	-	-
Total other financing sources (uses)	-	-	(29,545)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	18,470	(29,545)	(7,578)	1	-	-
Cash and investments - ending	\$ 41	\$ 40,832	\$ -	\$ -	\$ 1	\$ -	\$ -

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

	2009-2010 Title IV Drug Free	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ 2,391	\$ -	\$ 21,779	\$ 4,498	\$ 128,980	\$ 4,152,903
Receipts:						
Local sources	-	-	-	-	-	5,433,050
State sources	-	-	-	-	-	10,624,318
Federal sources	-	22,686	16,210	73,790	-	782,533
Other	-	-	-	-	2,605,053	2,626,133
Total receipts	<u>-</u>	<u>22,686</u>	<u>16,210</u>	<u>73,790</u>	<u>2,605,053</u>	<u>19,466,034</u>
Disbursements:						
Instruction	-	22,686	36,840	78,288	-	7,631,308
Support services	2,392	-	1,149	-	-	4,730,325
Noninstructional services	-	-	-	-	-	983,867
Facilities acquisition and construction	-	-	-	-	-	841,097
Debt services	-	-	-	-	-	1,696,806
Nonprogrammed charges	-	-	-	-	2,566,555	2,566,555
Total disbursements	<u>2,392</u>	<u>22,686</u>	<u>37,989</u>	<u>78,288</u>	<u>2,566,555</u>	<u>18,449,958</u>
Excess (deficiency) of receipts over disbursements	<u>(2,392)</u>	<u>-</u>	<u>(21,779)</u>	<u>(4,498)</u>	<u>38,498</u>	<u>1,016,076</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	57,704
Transfers out	-	-	-	-	-	(29,545)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,159</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,392)</u>	<u>-</u>	<u>(21,779)</u>	<u>(4,498)</u>	<u>38,498</u>	<u>1,044,235</u>
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,478</u>	<u>\$ 5,197,138</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
 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	\$ 1,007,817	\$ 789,722	\$ 142,262	\$ 899,905	\$ 206,894	\$ 229,899	\$ 565,358
Receipts:							
Local sources	40,060	1,399,085	233,188	1,540,904	1,077,183	312,551	-
State sources	10,434,933	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>10,474,993</u>	<u>1,399,085</u>	<u>233,188</u>	<u>1,540,904</u>	<u>1,077,183</u>	<u>312,551</u>	<u>-</u>
Disbursements:							
Instruction	6,724,978	-	-	-	-	-	-
Support services	2,724,780	-	-	584,584	1,002,289	370,375	-
Noninstructional services	101,258	-	-	-	-	-	-
Facilities acquisition and construction	-	131,900	-	1,047,930	-	-	-
Debt services	-	1,199,791	235,309	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>9,551,016</u>	<u>1,331,691</u>	<u>235,309</u>	<u>1,632,514</u>	<u>1,002,289</u>	<u>370,375</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>923,977</u>	<u>67,394</u>	<u>(2,121)</u>	<u>(91,610)</u>	<u>74,894</u>	<u>(57,824)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,931,794</u>	<u>\$ 857,116</u>	<u>\$ 140,141</u>	<u>\$ 808,295</u>	<u>\$ 281,788</u>	<u>\$ 172,075</u>	<u>\$ 565,358</u>

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

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	2011-2012 ONT Local	Alternative Education	Putnam Co. Foundation Grant
Cash and investments - beginning	\$ 757,681	\$ 190,761	\$ 15,368	\$ 29,516	\$ 77,529	\$ 535	\$ 1,718
Receipts:							
Local sources	198	434,126	105,280	8,143	-	-	500
State sources	-	57,433	56,282	-	-	1,835	-
Federal sources	-	352,380	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	198	843,939	161,562	8,143	-	1,835	500
Disbursements:							
Instruction	93,975	-	-	-	62,501	535	-
Support services	-	-	148,697	-	-	-	-
Noninstructional services	-	883,225	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	93,975	883,225	148,697	-	62,501	535	-
Excess (deficiency) of receipts over disbursements	(93,777)	(39,286)	12,865	8,143	(62,501)	1,300	500
Cash and investments - ending	\$ 663,904	\$ 151,475	\$ 28,233	\$ 37,659	\$ 15,028	\$ 1,835	\$ 2,218

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

	Duke Energy Grant	Walmart Grant/ RD	Living to Serve (FFA)	McDonald's Grant/ Middle School	Walmart Grant/ Middle School	Walmart Grant/ High School	Putnam Co. Foundation Grant/ High School
Cash and investments - beginning	\$ 6,000	\$ 1,038	\$ 536	\$ -	\$ 178	\$ 1,400	\$ 4,537
Receipts:							
Local sources	-	-	-	-	-	5,000	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	5,000	-
Disbursements:							
Instruction	-	217	19	-	-	-	-
Support services	-	-	-	-	-	-	4,536
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	217	19	-	-	-	4,536
Excess (deficiency) of receipts over disbursements	-	(217)	(19)	-	-	5,000	(4,536)
Cash and investments - ending	\$ 6,000	\$ 821	\$ 517	\$ -	\$ 178	\$ 6,400	\$ 1

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

	Lily Science Outreach Grant	Wellness Program	2010-2011 High Ability	2011-2012 High Ability	2009-2010 Drug Free	Medicaid Reimbursement	Energy Challenge Award
Cash and investments - beginning	\$ -	\$ 2,215	\$ -	\$ 1,552	\$ 2,407	\$ 45,709	\$ 8,250
Receipts:							
Local sources	-	800	-	-	-	14	-
State sources	-	-	-	30,880	-	8,393	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	800	-	30,880	-	8,407	-
Disbursements:							
Instruction	-	688	-	23,524	-	200	-
Support services	-	200	-	1,600	-	5,710	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	888	-	25,124	-	5,910	-
Excess (deficiency) of receipts over disbursements	-	(88)	-	5,756	-	2,497	-
Cash and investments - ending	\$ -	\$ 2,127	\$ -	\$ 7,308	\$ 2,407	\$ 48,206	\$ 8,250

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

	Non-English Speaking Programs P.L. 273-1999	USAC Grant/ TDS	Excess PTRC Distributions	2010-2011 Title I	2011-2012 Title I	2012-2013 Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 41	\$ 40,832	\$ -	\$ -	\$ 1	\$ -	\$ -
Receipts:							
Local sources	-	24,726	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	256,441	-
Other	-	-	-	-	-	-	-
Total receipts	-	24,726	-	-	-	256,441	-
Disbursements:							
Instruction	-	-	-	-	-	256,441	-
Support services	-	6,930	-	-	-	-	37,796
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	6,930	-	-	-	256,441	37,796
Excess (deficiency) of receipts over disbursements	-	17,796	-	-	-	-	(37,796)
Cash and investments - ending	\$ 41	\$ 58,628	\$ -	\$ -	\$ 1	\$ -	\$ (37,796)

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

	2009-2010 Title IV Drug Free	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ (1)	\$ -	\$ -	\$ -	\$ 167,478	\$ 5,197,138
Receipts:						
Local sources	-	-	-	-	-	5,181,758
State sources	-	-	-	-	-	10,589,756
Federal sources	-	-	-	7,097	-	615,918
Other	-	-	-	-	2,486,478	2,486,478
Total receipts	-	-	-	7,097	2,486,478	18,873,910
Disbursements:						
Instruction	-	-	-	7,098	-	7,170,176
Support services	-	-	-	-	-	4,887,497
Noninstructional services	-	-	-	-	-	984,483
Facilities acquisition and construction	-	-	-	-	-	1,179,830
Debt services	-	-	-	-	-	1,435,100
Nonprogrammed charges	-	-	-	-	2,490,480	2,490,480
Total disbursements	-	-	-	7,098	2,490,480	18,147,566
Excess (deficiency) of receipts over disbursements	-	-	-	(1)	(4,002)	726,344
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 163,476</u>	<u>\$ 5,923,482</u>

(This page intentionally left blank.)

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 168,772</u>	<u>\$ 62,838</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Tri-County Bank	1998 Middle School Lease	\$ 879,000	07-05-99	07-15-15
Tri-County Bank	1999 Middle School Lease	<u>283,000</u>	06-30-00	06-30-20
Total of annual lease payments		<u>\$ 1,162,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Contract Payable	Energy Savings Improvements	\$ 107,560	\$ 109,637
Common School Loan	Common School Loan	34,200	35,739
Pension Bond	Retirement Pension Bond	1,342,750	237,897
Construction Bond	Qualified School Construction Bond	<u>1,696,500</u>	<u>141,214</u>
Totals		<u>\$ 3,181,010</u>	<u>\$ 524,487</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2013

Capital assets are reported at their 2011 appraised values.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 65,250
Infrastructure	96,300
Buildings	43,363,845
Improvements other than buildings	1,015,189
Machinery, equipment, and vehicles	4,763,511
Books and other	<u>120,000</u>
Total capital assets	<u>\$ 49,424,095</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***ANNUAL REPORT***

The Biannual Financial Reports (Form 9) that the School Corporation is required to submit every six months to the Indiana Department of Education are used to compile their Annual Report. The Annual Report for the audit period ending June 30, 2012, contained an error. Textbook rental receipts and disbursements were overstated when the School Corporation reported the same state reimbursement at both the corporate level and at the extra-curricular level. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in this report.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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 PUTNAM COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

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

***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 the School Corporation's major federal program 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 the 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 its major federal program 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)

***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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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.

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

(This page intentionally left blank.)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

(This page intentionally left blank.)

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
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	FY 2012 FY 2013	\$ 95,737 -	\$ - 98,850
Total - School Breakfast Program				95,737	98,850
National School Lunch Program	Indiana Department of Education	10.555	FY 2012 FY 2013	304,582 -	- 302,475
Total - National School Lunch Program				304,582	302,475
Total - Child Nutrition Cluster				400,319	401,325
Total - Department of Agriculture				400,319	401,325
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2010/2011 2011/2012 2012/2013	4,000 265,528 -	- - 256,441
Total - Title I Grants to Local Educational Agencies				269,528	256,441
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389	Part D 2011/2012	16,210	-
Total - Title I, Part A Cluster				285,738	256,441
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186		2,391	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	12-5280	22,686	-
Education Jobs Fund	Indiana Department of Education	84.410	11-5769	73,790	7,097
Total - Department of Education				384,605	263,538
Total federal awards expended				\$ 784,924	\$ 664,863

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
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 Putnam 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	2011-2012	2012-2013
National School Lunch Program	10.555	\$ 52,551	\$ 59,700



NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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.
- (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."

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

North Putnam Community School Corporation  
P O Box 169  
Bainbridge, IN 46105

CORRECTIVE ACTION PLAN

Section II – FINANCIAL STATEMENT FINDING

FINDING 2013-1, INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING

When the Schedule of Federal Awards is prepared for the Year 2013-14 the Treasurer will go the Federal Clearing House website to verify each and every fund title reported agrees with the CFDA number.

Once the SEFA is prepared, the Treasurer will have the Superintendent of the Corporation review the schedule for reasonableness before it is submitted. A copy of the schedule will be printed, signed by the Superintendent and retained for audit.

Date 11-26-2013

Signed: Tanya Pearson  
Tanya Pearson, Corporation Treasurer

Signed: Daniel A. Noel  
Daniel A. Noel, Superintendent

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2013, with Daniel A. Noel, Superintendent of Schools; Tanya J. Pearson, Treasurer; Jill L. Summerlot, School Board member; and John Hays, President of the School Board.