

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH ADAMS SCHOOLS  
ADAMS COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
06/09/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca Biberstein	07-01-12 to 06-30-16
Superintendent of Schools	Scott Litwiller	07-01-12 to 06-30-16
President of the School Board	Arlene Amstutz	07-01-12 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE SOUTH ADAMS SCHOOLS, ADAMS COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the South Adams Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

***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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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.


*Other Information*

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is May 5, 2016, 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.

  
Paul D. Joyce, CPA  
State Examiner

March 26, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is May 5, 2016



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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 SOUTH ADAMS 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 South Adams Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 26, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is May 5, 2016, 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 items 2014-001 and 2014-002 to be material weaknesses.



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 2014-002.

***South Adams 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

March 26, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is May 5, 2016

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#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SOUTH ADAMS SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,887,274	\$ 8,742,420	\$ 8,371,374	\$ 4,105	\$ 2,262,425	\$ 8,364,677	\$ 8,798,215	\$ 38	\$ 1,828,925
Debt Service	895,752	1,731,919	1,723,000	-	904,671	1,789,376	1,718,000	-	976,047
Referendum Debt Exempt Capital	-	13,438	12,421	-	1,017	10,880	11,897	-	-
Capital Projects	744,347	1,281,640	1,342,743	30,200	713,444	1,227,036	1,348,984	69,098	660,594
School Transportation	846,804	907,648	762,099	(250,000)	742,353	915,241	792,927	(100,000)	764,667
School Bus Replacement	151,046	173,054	81,537	-	242,563	180,257	88,078	-	334,742
Rainy Day	1,730,872	-	313,650	250,000	1,667,222	-	95,029	100,000	1,672,193
Post-Retirement/Severance Future Benefits	124,211	-	-	-	124,211	-	-	-	124,211
School Lunch	198,340	587,963	557,709	5,746	234,340	559,134	532,369	4,498	265,603
Textbook Rental	58,992	134,424	93,558	167	100,025	129,627	127,832	154	101,974
Area 18 Vocational Education	3,695	-	993	-	2,702	-	600	-	2,102
Educational License Plates	-	75	75	-	-	38	38	-	-
Alternative Education	-	2,695	-	-	2,695	7,279	9,974	-	-
Gifts/Donations	1,692	504	-	-	2,196	-	150	-	2,046
Recycle	4,680	3,405	6,294	-	1,791	241	459	-	1,573
Gifted and Talented	-	-	-	-	-	30,484	29,157	-	1,327
12-13 High Ability	-	30,796	30,796	-	-	-	-	-	-
Recreational Activities	573	-	-	-	573	-	-	-	573
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	6,473	6,324	-	149
Non-English Speaking 2012-13	-	6,583	6,583	-	-	-	-	-	-
School Technology	342	4,665	3,735	-	1,272	5,532	5,319	-	1,485
Senator David Ford Technology	-	1,200	1,200	-	-	-	-	-	-
Title I 2011-12	(92,291)	275,408	183,117	-	-	-	-	-	-
Title I 2012-13	-	849,510	938,901	-	(89,391)	270,659	181,268	-	-
Title I 2013-14	-	-	-	-	-	758,480	843,047	-	(84,567)
Title I Migrant 2011-12	-	2,189	2,189	-	-	-	-	-	-
Regional Migrant 2013-14	-	-	-	-	-	205,853	225,429	-	(19,576)
Title I Migrant 2012-13	-	36,892	37,419	-	(527)	1,144	617	-	-
Local Reading Improvement	-	1,500	-	-	1,500	-	51	-	1,449
Area 18 Voc Ed Perkins	-	-	-	-	-	24,580	24,580	-	-
Perkins Grant 2012-13	-	11,109	11,109	-	-	-	-	-	-
Title II A 2009-10	-	37,715	61,884	(4,000)	(28,169)	101,521	73,352	-	-
Title II A 2013-14	-	-	-	-	-	55,496	88,953	-	(33,457)
Title II A Improving Teacher	(12,328)	51,318	38,990	-	-	-	-	-	-
Rural Schools and Low Income Program - Pass Through State	-	26,306	26,306	-	-	6,329	6,329	-	-
Title VI, B Rural and Low Income	-	-	-	-	-	4,961	25,106	-	(20,145)
Title III - Language Instruction	-	-	-	-	-	9,514	10,309	-	(795)
Title III 2011-12	(2,062)	2,062	-	-	-	-	-	-	-
Title III 2012-13	-	14,816	14,816	-	-	-	-	-	-
Safe School Healthy Students	(13,321)	40,095	26,774	-	-	-	-	-	-
OLWEUS Grant	(2,030)	-	(2,030)	-	-	-	-	-	-
H1N1 Grant	107	-	-	-	107	-	-	-	107
Clearing	37,395	2,289,381	2,261,724	-	65,052	2,411,226	2,395,340	-	80,938
Education Jobs	(21,882)	76,889	55,007	-	-	-	-	-	-
Totals	\$ 6,542,208	\$ 17,337,619	\$ 16,963,973	\$ 36,218	\$ 6,952,072	\$ 17,076,038	\$ 17,439,733	\$ 73,788	\$ 6,662,165

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

SOUTH ADAMS 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.

SOUTH ADAMS 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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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:

SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.



SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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 a cost-sharing 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  
One North Capitol, 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.

SOUTH ADAMS 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  
One North Capitol, 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. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from a prior period.

**Note 8. Cash Balance Deficits**

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

SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporation***

The School Corporation has entered into a capital lease with South Adams 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 fiscal years ended June 30, 2013 and 2014, totaled \$1,723,000 and \$1,718,000, respectively.

**Note 10. *Combined Funds***

Funds related to school lunch were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

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#### OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

SOUTH ADAMS 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	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 1,887,274	\$ 895,752	\$ -	\$ 744,347	\$ 846,804	\$ 151,046	\$ 1,730,872	\$ 124,211	\$ 198,340
Receipts:									
Local sources	123,650	1,731,919	13,438	1,256,798	907,638	173,054	-	-	255,702
Intermediate sources	15	-	-	-	-	-	-	-	-
State sources	8,615,369	-	-	-	-	-	-	-	7,198
Federal sources	-	-	-	-	-	-	-	-	325,063
Temporary loans	-	-	-	24,842	-	-	-	-	-
Other	3,386	-	-	-	10	-	-	-	-
Total receipts	8,742,420	1,731,919	13,438	1,281,640	907,648	173,054	-	-	587,963
Disbursements:									
Current:									
Instruction	5,574,589	-	-	-	-	-	-	-	-
Support services	2,600,984	-	-	594,486	754,826	81,537	313,650	-	104
Noninstructional services	195,801	-	-	-	-	-	-	-	557,605
Facilities acquisition and construction	-	-	-	748,257	7,273	-	-	-	-
Debt services	-	1,723,000	12,421	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,371,374	1,723,000	12,421	1,342,743	762,099	81,537	313,650	-	557,709
Excess (deficiency) of receipts over disbursements	371,046	8,919	1,017	(61,103)	145,549	91,517	(313,650)	-	30,254
Other financing sources (uses):									
Sale of capital assets	105	-	-	30,200	-	-	-	-	5,746
Transfers in	4,000	-	-	-	-	-	250,000	-	-
Transfers out	-	-	-	-	(250,000)	-	-	-	-
Total other financing sources (uses)	4,105	-	-	30,200	(250,000)	-	250,000	-	5,746
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	375,151	8,919	1,017	(30,903)	(104,451)	91,517	(63,650)	-	36,000
Cash and investments - ending	\$ 2,262,425	\$ 904,671	\$ 1,017	\$ 713,444	\$ 742,353	\$ 242,563	\$ 1,667,222	\$ 124,211	\$ 234,340

SOUTH ADAMS 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)

	Textbook Rental	Area 18 Vocational Education	Educational License Plates	Alternative Education	Gifts/Donations	Recycle	Gifted and Talented	12-13 High Ability	Recreational Activities
Cash and investments - beginning	\$ 58,992	\$ 3,695	\$ -	\$ -	\$ 1,692	\$ 4,680	\$ -	\$ -	\$ 573
Receipts:									
Local sources	86,291	-	-	-	504	3,405	-	-	-
Intermediate sources	-	-	75	-	-	-	-	-	-
State sources	48,133	-	-	2,695	-	-	-	30,796	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	134,424	-	75	2,695	504	3,405	-	30,796	-
Disbursements:									
Current:									
Instruction	-	993	-	-	-	6,294	-	30,796	-
Support services	93,558	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	75	-	-	-	-	-	-
Total disbursements	93,558	993	75	-	-	6,294	-	30,796	-
Excess (deficiency) of receipts over disbursements	40,866	(993)	-	2,695	504	(2,889)	-	-	-
Other financing sources (uses):									
Sale of capital assets	167	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	167	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,033	(993)	-	2,695	504	(2,889)	-	-	-
Cash and investments - ending	\$ 100,025	\$ 2,702	\$ -	\$ 2,695	\$ 2,196	\$ 1,791	\$ -	\$ -	\$ 573

SOUTH ADAMS 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)

	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking 2012-13	School Technology	Senator David Ford Technology	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I Migrant 2011-12	Regional Migrant 2013-14
Cash and investments - beginning	\$ -	\$ -	\$ 342	\$ -	\$ (92,291)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	6,583	4,665	1,200	-	-	-	-	-
Federal sources	-	-	-	-	275,408	849,510	-	2,189	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	6,583	4,665	1,200	275,408	849,510	-	2,189	-
Disbursements:									
Current:									
Instruction	-	6,583	-	1,200	170,658	796,416	-	2,129	-
Support services	-	-	3,735	-	12,171	131,185	-	60	-
Noninstructional services	-	-	-	-	288	11,300	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,583	3,735	1,200	183,117	938,901	-	2,189	-
Excess (deficiency) of receipts over disbursements	-	-	930	-	92,291	(89,391)	-	-	-
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	-	-	930	-	92,291	(89,391)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 1,272	\$ -	\$ -	\$ (89,391)	\$ -	\$ -	\$ -



SOUTH ADAMS 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 Migrant 2012-13	Local Reading Improvement	Area 18 Voc Ed Perkins	Perkins Grant 2012-13	Title II A 2009-10	Title II A 2013-14	Title II A Improving Teacher	Rural Schools and Low Income Program - Pass Through State	Title VI, B Rural and Low Income
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,328)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	36,892	1,500	-	11,109	37,715	-	51,318	26,306	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	36,892	1,500	-	11,109	37,715	-	51,318	26,306	-
Disbursements:									
Current:									
Instruction	35,914	-	-	11,109	-	-	26,866	-	-
Support services	1,505	-	-	-	61,884	-	12,124	26,306	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	37,419	-	-	11,109	61,884	-	38,990	26,306	-
Excess (deficiency) of receipts over disbursements	(527)	1,500	-	-	(24,169)	-	12,328	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(4,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(527)	1,500	-	-	(28,169)	-	12,328	-	-
Cash and investments - ending	<u>\$ (527)</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,169)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH ADAMS 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 III - Language Instruction	Title III 2011-12	Title III 2012-13	Safe School Healthy Students	OLWEUS Grant	H1N1 Grant	Clearing	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ (2,062)	\$ -	\$ (13,321)	\$ (2,030)	\$ 107	\$ 37,395	\$ (21,882)	\$ 6,542,208
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,552,399
Intermediate sources	-	-	-	-	-	-	-	-	90
State sources	-	-	-	-	-	-	-	-	8,716,639
Federal sources	-	2,062	14,816	40,095	-	-	-	76,889	1,750,872
Temporary loans	-	-	-	-	-	-	-	-	24,842
Other	-	-	-	-	-	-	2,289,381	-	2,292,777
Total receipts	-	2,062	14,816	40,095	-	-	2,289,381	76,889	17,337,619
Disbursements:									
Current:									
Instruction	-	-	14,816	-	-	-	-	42,895	6,721,258
Support services	-	-	-	26,774	(2,030)	-	-	12,112	4,724,971
Noninstructional services	-	-	-	-	-	-	-	-	764,994
Facilities acquisition and construction	-	-	-	-	-	-	-	-	755,530
Debt services	-	-	-	-	-	-	-	-	1,735,421
Nonprogrammed charges	-	-	-	-	-	-	2,261,724	-	2,261,799
Total disbursements	-	-	14,816	26,774	(2,030)	-	2,261,724	55,007	16,963,973
Excess (deficiency) of receipts over disbursements	-	2,062	-	13,321	2,030	-	27,657	21,882	373,646
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	36,218
Transfers in	-	-	-	-	-	-	-	-	254,000
Transfers out	-	-	-	-	-	-	-	-	(254,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	36,218
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,062	-	13,321	2,030	-	27,657	21,882	409,864
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 65,052	\$ -	\$ 6,952,072

SOUTH ADAMS SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014

	General	Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 2,262,425	\$ 904,671	\$ 1,017	\$ 713,444	\$ 742,353	\$ 242,563	\$ 1,667,222	\$ 124,211	\$ 234,340
Receipts:									
Local sources	142,277	1,789,376	10,880	1,227,036	914,890	180,257	-	-	246,701
Intermediate sources	34	-	-	-	-	-	-	-	-
State sources	8,215,266	-	-	-	-	-	-	-	7,085
Federal sources	-	-	-	-	-	-	-	-	304,166
Other	7,100	-	-	-	351	-	-	-	1,182
Total receipts	8,364,677	1,789,376	10,880	1,227,036	915,241	180,257	-	-	559,134
Disbursements:									
Current:									
Instruction	5,767,022	-	-	-	-	-	-	-	-
Support services	2,832,982	-	-	681,960	784,731	88,078	95,029	-	5,562
Noninstructional services	198,211	-	-	-	-	-	-	-	526,807
Facilities acquisition and construction	-	-	-	667,024	8,196	-	-	-	-
Debt services	-	1,718,000	11,897	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,798,215	1,718,000	11,897	1,348,984	792,927	88,078	95,029	-	532,369
Excess (deficiency) of receipts over disbursements	(433,538)	71,376	(1,017)	(121,948)	122,314	92,179	(95,029)	-	26,765
Other financing sources (uses):									
Sale of capital assets	38	-	-	69,098	-	-	-	-	4,498
Transfers in	-	-	-	-	-	-	100,000	-	-
Transfers out	-	-	-	-	(100,000)	-	-	-	-
Total other financing sources (uses)	38	-	-	69,098	(100,000)	-	100,000	-	4,498
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(433,500)	71,376	(1,017)	(52,850)	22,314	92,179	4,971	-	31,263
Cash and investments - ending	\$ 1,828,925	\$ 976,047	\$ -	\$ 660,594	\$ 764,667	\$ 334,742	\$ 1,672,193	\$ 124,211	\$ 265,603

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Textbook Rental	Area 18 Vocational Education	Educational License Plates	Alternative Education	Gifts/Donations	Recycle	Gifted and Talented	12-13 High Ability	Recreational Activities
Cash and investments - beginning	\$ 100,025	\$ 2,702	\$ -	\$ 2,695	\$ 2,196	\$ 1,791	\$ -	\$ -	\$ 573
Receipts:									
Local sources	82,021	-	-	-	-	241	-	-	-
Intermediate sources	-	-	38	-	-	-	-	-	-
State sources	47,591	-	-	7,279	-	-	30,484	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	15	-	-	-	-	-	-	-	-
Total receipts	129,627	-	38	7,279	-	241	30,484	-	-
Disbursements:									
Current:									
Instruction	-	600	-	9,974	-	459	28,727	-	-
Support services	127,832	-	-	-	150	-	430	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	38	-	-	-	-	-	-
Total disbursements	127,832	600	38	9,974	150	459	29,157	-	-
Excess (deficiency) of receipts over disbursements	1,795	(600)	-	(2,695)	(150)	(218)	1,327	-	-
Other financing sources (uses):									
Sale of capital assets	154	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	154	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,949	(600)	-	(2,695)	(150)	(218)	1,327	-	-
Cash and investments - ending	\$ 101,974	\$ 2,102	\$ -	\$ -	\$ 2,046	\$ 1,573	\$ 1,327	\$ -	\$ 573

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking 2012-13	School Technology	Senator David Ford Technology	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I Migrant 2011-12	Regional Migrant 2013-14
Cash and investments - beginning	\$ -	\$ -	\$ 1,272	\$ -	\$ -	\$ (89,391)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,473	-	5,532	-	-	-	-	-	-
Federal sources	-	-	-	-	-	270,659	758,480	-	205,853
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,473	-	5,532	-	-	270,659	758,480	-	205,853
Disbursements:									
Current:									
Instruction	6,324	-	-	-	-	173,158	709,678	-	137,672
Support services	-	-	5,319	-	-	8,110	121,169	-	77,637
Noninstructional services	-	-	-	-	-	-	12,200	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	10,120
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,324	-	5,319	-	-	181,268	843,047	-	225,429
Excess (deficiency) of receipts over disbursements	149	-	213	-	-	89,391	(84,567)	-	(19,576)
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	149	-	213	-	-	89,391	(84,567)	-	(19,576)
Cash and investments - ending	\$ 149	\$ -	\$ 1,485	\$ -	\$ -	\$ -	\$ (84,567)	\$ -	\$ (19,576)

SOUTH ADAMS SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Title I Migrant 2012-13	Local Reading Improvement	Area 18 Voc Ed Perkins	Perkins Grant 2012-13	Title II A 2009-10	Title II A 2013-14	Title II A Improving Teacher	Rural Schools and Low Income Program - Pass Through State	Title VI, B Rural and Low Income
Cash and investments - beginning	\$ (527)	\$ 1,500	\$ -	\$ -	\$ (28,169)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	1,144	-	24,580	-	101,521	55,496	-	6,329	4,961
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,144	-	24,580	-	101,521	55,496	-	6,329	4,961
Disbursements:									
Current:									
Instruction	617	-	24,580	-	-	23,882	-	-	-
Support services	-	51	-	-	73,352	65,071	-	6,329	25,106
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	617	51	24,580	-	73,352	88,953	-	6,329	25,106
Excess (deficiency) of receipts over disbursements	527	(51)	-	-	28,169	(33,457)	-	-	(20,145)
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	527	(51)	-	-	28,169	(33,457)	-	-	(20,145)
Cash and investments - ending	\$ -	\$ 1,449	\$ -	\$ -	\$ -	\$ (33,457)	\$ -	\$ -	\$ (20,145)

SOUTH ADAMS SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Title III - Language Instruction	Title III 2011-12	Title III 2012-13	Safe School Healthy Students	OLWEUS Grant	H1N1 Grant	Clearing	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 65,052	\$ -	\$ 6,952,072
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,593,679
Intermediate sources	-	-	-	-	-	-	-	-	72
State sources	-	-	-	-	-	-	-	-	8,319,710
Federal sources	9,514	-	-	-	-	-	-	-	1,742,703
Other	-	-	-	-	-	-	2,411,226	-	2,419,874
Total receipts	9,514	-	-	-	-	-	2,411,226	-	17,076,038
Disbursements:									
Current:									
Instruction	7,871	-	-	-	-	-	-	-	6,890,564
Support services	2,438	-	-	-	-	-	-	-	5,001,336
Noninstructional services	-	-	-	-	-	-	-	-	737,218
Facilities acquisition and construction	-	-	-	-	-	-	-	-	685,340
Debt services	-	-	-	-	-	-	-	-	1,729,897
Nonprogrammed charges	-	-	-	-	-	-	2,395,340	-	2,395,378
Total disbursements	10,309	-	-	-	-	-	2,395,340	-	17,439,733
Excess (deficiency) of receipts over disbursements	(795)	-	-	-	-	-	15,886	-	(363,695)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	73,788
Transfers in	-	-	-	-	-	-	-	-	100,000
Transfers out	-	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	73,788
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(795)	-	-	-	-	-	15,886	-	(289,907)
Cash and investments - ending	\$ (795)	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 80,938	\$ -	\$ 6,662,165

SOUTH ADAMS SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
South Adams School Building Corporation	Elementary School Building	\$ 1,722,000	7/15/2008	1/15/2032
The Fifth Third Leasing Company	Energy Savings Contract	<u>519,602</u>	6/22/2007	1/15/2018
Total of annual lease payments		<u><u>\$ 2,241,602</u></u>		



SOUTH ADAMS SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 957,880
Infrastructure	10
Buildings	26,794,180
Improvements other than buildings	94,684
Machinery, equipment, and vehicles	2,096,528
Books and other	<u>605,386</u>
Total capital assets	<u>\$ 30,548,668</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SOUTH ADAMS SCHOOLS, ADAMS COUNTY, INDIANA

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

We have audited the South Adams 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, 2012 to June 30, 2014. 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 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 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, 2012 to June 30, 2014.

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

***Other Matters***

This report replaces the previously issued Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance dated March 16, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster (IDEA) was also audited as a major program due to the change.


***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 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

March 26, 2015, except for the Special Education Cluster (IDEA),  
as to which the date is May 5, 2016

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

SOUTH ADAMS SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013, and June 30, 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY12-13	\$ 48,259	\$ -
			FY13-14	-	38,699
Total - School Breakfast Program				48,259	38,699
National School Lunch Program	Indiana Department of Education	10.555			
			FY12-13	324,950	-
			FY13-14	-	317,824
Total - National School Lunch Program				324,950	317,824
Total - Child Nutrition Cluster				373,209	356,523
Total - Department of Agriculture				373,209	356,523
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-0035	275,408	-
			13-0035	849,510	270,659
			14-0035	-	758,480
Total - Title I, Part A Cluster				1,124,918	1,029,139
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14213-001-PN01	198,287	92,762
			14214-001-PN01	-	197,646
			99914-001-TA01	-	4,537
Total - Special Education - Grants to States				198,287	294,945
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			14713-001-PN01	7,084	5,707
			45714-001-PN01	-	10,517
Total - Special Education - Preschool Grants				7,084	16,224
Total - Special Education Cluster (IDEA)				205,371	311,169
Migrant Education - State Grant Program	Indiana Department of Education	84.011			
			12-0035	2,189	-
			13-0035	36,892	1,144
			14-0035	-	205,853
Total - Migrant Education - State Grant Program				39,081	206,997

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



SOUTH ADAMS SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013, and June 30, 2014  
(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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Career and Technical Education - Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048			
			FY12-13	11,109	-
			FY13-14	-	24,580
Total - Career and Technical Education - Basic Grants to States				11,109	24,580
Safe and Drug-Free Schools and Communities - National Programs	North Adams Community Schools	84.184			
			FY11-12	40,095	-
Rural Education	Indiana Department of Education	84.358			
			FY12-13	26,306	6,329
			FY13-14	-	4,961
Total - Rural Education				26,306	11,290
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			12-0035	2,062	-
			13-0035	14,816	-
			14-0035	-	9,514
Total - English Language Acquisition State Grants				16,878	9,514
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			11-0035	51,318	-
			12-0035	37,715	101,521
			13-0035	-	55,496
Total - Improving Teacher Quality State Grants				89,033	157,017
Education Jobs Fund	Indiana Department of Education	84.410			
			FY11-12	76,889	-
Total - Department of Education				1,629,680	1,749,706
Total federal awards expended				\$ 2,002,889	\$ 2,106,229

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

SOUTH ADAMS 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 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2013	For the Year Ended June 30, 2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 48,146	\$ 52,357

SOUTH ADAMS 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?	no
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?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster  
Special Education Cluster (IDEA)

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 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
  - a. One individual is responsible for preparing the bank reconciliation. The same individual issues receipts and prepares the bank deposit.

SOUTH ADAMS SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- b. Bank reconciliations were not being reviewed and approved by someone other than the person performing the depository reconciliations.
2. Monitoring of Controls: An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

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)

***FINDING 2014-002 - INTERNAL CONTROLS OVER THE PREPARATION  
OF 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 controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the School Corporation had failed to report any expenditures for the FY 2012-2013. Audit adjustments totaling \$1,797,518 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. For FY 2013-2014, the SEFA had overreported \$4,560 in expenditures for the School Breakfast Program; overreported \$506,712 in expenditures for the National School Lunch Program; overreported \$2,130 in expenditures for English Language Acquisition State Grants; and underreported \$147,503 in expenditures for Improving Teacher Quality State Grants. Audit adjustments totaling \$365,899 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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)

SOUTH ADAMS SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 the 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."

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

No matters are reportable.

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#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



# South Adams School

1075 Starfire Way, Berne, Indiana 46711

Office: 260-589-3133

Fax: 260-589-2065

*Scott Litwiler*  
Superintendent

*Annette Schwartz*  
Administrative Assistant

*Rebecca Biberstein*  
Treasurer

## **CORRECTIVE ACTION PLAN**

**AUDIT PERIOD: JULY 1, 2012 – JUNE 30, 2014**

Contact Person Responsible for Corrective Action: Rebecca Biberstein(treasurer)  
Contact Information: (260) 589-3133, [bbiberstein@southadams.k12.in.us](mailto:bbiberstein@southadams.k12.in.us)

### **FINDING 2014 -001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

The South Adams Schools will correct the internal controls related to financial transactions and reporting by creating review procedures and documentation for receipts and cash investments and bank reconciliation. The role of the reviewer will be assigned to the appropriate personnel in the South Adams Schools Administrative Office. The reviewer will have a monthly checklist to insure the internal review and checks and balances are in place. South Adams will utilize this plan immediately. A new clerk position has been filled and this person has begun balancing the monthly bank statement.

### **FINDING 2014 -002 – INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The South Adams Schools will correct the internal controls related to Schedule of Expenditures of Federal Awards immediately by having a reviewer conduct a biannual checklist of Federal Awards and sign off confirming the completion and timely submission. The treasurer will execute these reports and ensure the transmittals are submitted prior to the due date.

*Scott Litwiler*  
\_\_\_\_\_  
Superintendent

*3-26-15*

\_\_\_\_\_  
Date

*Rebecca Biberstein*  
\_\_\_\_\_  
Treasurer

*3/26/15*

\_\_\_\_\_  
Date



#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.