

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH ADAMS COMMUNITY SCHOOLS
ADAMS COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
06/09/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Larry G. Carty	07-01-13 to 06-30-16
Superintendent of Schools	Brent M. Lehman	07-01-13 to 06-30-16
President of the School Board	Michelle R. Stimpson Benjamin S. Faurote	01-01-13 to 12-31-13 01-01-14 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, 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 and the Schedule of Leases and Debt, 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 February 24, 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

February 24, 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 NORTH ADAMS COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated February 24, 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 2015-001 and 2015-002 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

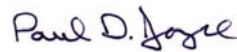
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2015-001.

North Adams Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 24, 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.

NORTH ADAMS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,675,453	\$ 11,297,223	\$ 12,007,311	\$ -	\$ 965,365	\$ 11,369,562	\$ 11,405,558	\$ (13,990)	\$ 915,379
Debt Service	1,682,169	2,858,249	2,982,862	-	1,557,556	2,851,560	3,027,665	-	1,381,451
Retirement/Severance Bond Debt Service	314,634	596,795	620,609	-	290,820	641,041	618,889	10,639	323,611
Capital Projects	863,895	2,295,963	2,158,858	79,100	1,080,100	2,206,599	2,114,795	(141,000)	1,030,904
School Transportation	588,266	1,076,084	959,906	-	704,444	776,041	991,109	(190,000)	299,376
School Bus Replacement	312,266	184,231	287,568	8,000	216,929	203,909	258,771	-	162,067
Rainy Day	243,179	55,013	239,704	-	58,488	-	325,848	300,000	32,640
School Lunch	75,651	1,167,372	1,174,385	-	68,638	1,200,924	1,135,424	-	134,138
Textbook Rental	285,425	215,635	119,478	-	381,582	222,537	168,659	-	435,460
Levy Excess	-	-	-	-	-	1,482	-	-	1,482
Joint Services and Supply - Special Education Cooperative	293,380	137,745	106,200	-	324,925	137,293	20,718	-	441,500
Joint Services and Supply - Special Education Pre-school	142,967	6,630	7,090	-	142,507	748	79	-	143,176
Joint Services and Supply - Special Education Capital Project	34,666	-	-	-	34,666	-	-	-	34,666
Child Care Program - Belmont High School	10,854	52,527	52,538	-	10,843	100	6,287	(4,656)	-
Educational License Plates	4,574	168	-	-	4,742	132	-	-	4,874
Alternative Education Access	27,929	7,311	-	-	35,240	9,079	31,869	-	12,450
Early Intervention Grant - 2014	-	13,250	13,250	-	-	-	-	-	-
Walmart Award - Monmouth	178	-	178	-	-	-	-	-	-
Walmart Award - Northwest	658	-	617	-	41	-	41	-	-
Walmart Award - Southeast	90	-	-	-	90	-	90	-	-
Bully Busters Program	-	-	-	-	-	3,500	3,500	-	-
ACCF - Belmont Middle School	6	-	6	-	-	-	-	-	-
North Adams Autism Award	-	5,251	-	-	5,251	3,900	8,201	-	950
Camp Invention	540	-	540	-	-	-	-	-	-
Monsanto Award 2013-2014	-	10,000	10,000	-	-	-	-	-	-
Talent Initiative	19,585	-	5,648	-	13,937	-	8,823	-	5,114
North Adams School Fund Grant	5,442	11,662	14,521	-	2,583	1,673	1,871	(1,762)	623
Helen Haubold NA Music Fund	-	-	-	-	-	7,427	9,189	1,762	-
Healthy Families/Belmont High School	3,380	8,471	-	-	11,851	12,275	4,314	-	19,812
Southeast Special Education	2,361	-	154	-	2,207	-	-	-	2,207
Adult and Continuing Education	814	-	814	-	-	-	-	-	-
Certification/Belmont High School Test	354	-	-	-	354	-	-	(354)	-
Adams County Learning Center	12,381	-	12,381	-	-	-	-	-	-
AWS Foundation	190	165	-	-	355	506	30	-	831
Afterschool Childcare Latchkey	3,032	1,200	-	-	4,232	950	-	-	5,182
H1N1 Health Service Grant	378	-	-	-	378	-	378	-	-
High Ability Grant 2013-2014	-	31,714	30,062	-	1,652	-	1,652	-	-
High Ability Grant 2014-2015	-	-	-	-	-	31,953	26,890	-	5,063
High Ability Grant 2012-2013	5,670	-	5,670	-	-	-	-	-	-
NAGC - High Ability Conference	-	9,859	9,859	-	-	-	-	-	-
Lightspeed Amazing Grant Award	-	5,000	-	-	5,000	-	5,000	-	-

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

NORTH ADAMS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
Medicaid Reimbursement	59,107	21,117	4,542	-	75,682	35,198	1,687	-	109,193
Secured Schools Safety Grant	-	-	51,718	-	(51,718)	50,000	89,432	50,000	(41,150)
Cultural Arts	-	2,289	-	-	-	-	-	-	-
Artist In Education	1,563	1,350	1,310	-	1,603	4,325	5,660	-	268
Healthy Families 2012-2013	(17,553)	69,228	51,675	-	-	-	-	-	-
Healthy Families 2013-2014	-	148,303	180,887	-	(32,584)	81,543	41,190	-	7,769
Healthy Families State Funds	-	21,273	20,663	-	610	7,535	8,145	-	-
Healthy Families 2014-2015	-	-	-	-	-	245,610	227,773	-	17,837
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	2,290	195	-	2,095
NESP 2013-2014 Funding	-	2,627	1,616	-	1,011	-	1,011	-	-
School Technology	9,234	32,547	3,161	-	38,620	38,071	9,650	-	67,041
Performance Based Awards 2012-2013	-	172,790	172,790	-	-	-	-	-	-
Classroom Innovation Grant	(1,789)	29,522	27,733	-	-	-	-	-	-
Title I 2012-2013	(30,089)	105,615	75,526	-	-	-	-	-	-
Title I 2013-2014	-	258,070	285,721	-	(27,651)	93,155	65,504	-	-
Title I 2014-2015	-	-	-	-	-	269,211	292,286	-	(23,075)
Special Education 2012-2013	(320,445)	663,349	342,909	-	(5)	430	425	-	-
Special Education 2014-2015	-	-	-	-	-	1,147,072	1,390,188	-	(243,116)
Special Education 2013-2014	-	1,413,651	1,576,523	-	(162,872)	687,357	430,462	-	94,023
Technical Assistance Grant 2013-2014	-	32,444	32,669	-	(225)	14,569	14,344	-	-
Special Education Pre-school Grant FY 2013	(13,061)	34,499	21,438	-	-	-	-	-	-
Special Education Pre-school Grant FY 2014	-	63,173	69,873	-	(6,700)	10,849	4,149	-	-
Special Education Pre-school Grant FY 2015	-	-	-	-	-	51,527	57,520	-	(5,993)
Area 18 Vocational Education 2013-14	-	21,532	21,532	-	-	-	-	-	-
21st Century Learning Center 2014-2015	-	-	2,713	-	(2,713)	2,713	-	-	-
21st Century Learning Center 2012-2013	(17,650)	26,631	8,981	-	-	-	-	-	-
21st Century Learning Center 2013-2014	(4,958)	357,714	370,327	-	(17,571)	36,297	18,726	-	-
Bellmont Middle School 21st CCLC-LEGO	60	-	60	-	-	-	-	-	-
21st Century Learning Center 2014-2015	-	-	-	-	-	127,097	337,812	-	(210,715)
21st Century Learning Center 2015-2016	-	-	-	-	-	-	39,127	-	(39,127)
Title II, Part A 2013-2014	(5,671)	46,719	45,308	-	(4,260)	43,463	38,795	-	408
Title II, Part A 2014-2015	-	54,474	66,244	-	(11,770)	25,494	13,988	-	(264)
Title II, Part A 2015-2016	-	-	-	-	-	11,340	11,340	-	-
Title III - Language Instruction	-	2,438	2,651	-	(213)	213	-	-	-
Title III 2014-2016	-	-	-	-	-	-	3,862	-	(3,862)
Safe Schools Healthy Students 2012-13: Year V	-	7,371	7,371	-	-	-	-	-	-
Perkins Grant 2014-2015	-	-	-	-	-	15,969	38,933	-	(22,964)
McKinney - Vento Education for Homeless	(6,391)	69,814	64,033	-	(610)	7,930	5,536	-	1,784
Clearing	82,776	4,356,209	4,386,505	-	52,480	3,877,143	3,778,510	-	151,113
Totals	<u>\$ 6,345,500</u>	<u>\$ 28,062,267</u>	<u>\$ 28,718,977</u>	<u>\$ 87,100</u>	<u>\$ 5,775,890</u>	<u>\$ 26,569,592</u>	<u>\$ 27,101,900</u>	<u>\$ 10,639</u>	<u>\$ 5,254,221</u>

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may 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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Bond refunding includes money paid for the early retirement of previously outstanding long-term debt issues.

NORTH ADAMS COMMUNITY 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.

NORTH ADAMS COMMUNITY 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.

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement type grants where the expenditures are made and then reimbursement is requested and received later. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with North Adams Community Schools Renovation Building Corporation (the lessor). The lessor was organized as a for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years ending June 30, 2014 and 2015, totaled \$2,982,862 and \$3,027,665, respectively.

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Subsequent Events*

On December 10, 2015, the North Adams Community Schools Renovation Building Corporation issued \$3,805,000 of refunding bonds. The bond proceeds were used to refund the 2006 and 2008 North Adams Community Schools Renovation Building Corporation leases. The bonds have a 3 percent interest rate with a January 1, 2022, final maturity date.

Note 10. *Other Postemployment Benefits*

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

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,675,453	\$ 1,682,169	\$ 314,634	\$ 863,895	\$ 588,266	\$ 312,266	\$ 243,179	\$ 75,651	\$ 285,425
Receipts:									
Local sources	123,770	2,858,249	596,795	2,252,635	1,071,854	184,231	55,013	530,344	149,171
Intermediate sources	56	-	-	-	-	-	-	-	-
State sources	11,167,565	-	-	-	-	-	-	12,830	63,074
Federal sources	-	-	-	-	-	-	-	609,502	-
Other	5,832	-	-	43,328	4,230	-	-	14,696	3,390
Total receipts	11,297,223	2,858,249	596,795	2,295,963	1,076,084	184,231	55,013	1,167,372	215,635
Disbursements:									
Current:									
Instruction	7,978,828	-	-	-	-	-	5,131	-	-
Support services	3,761,230	-	-	750,244	959,906	287,568	234,573	57,934	119,478
Noninstructional services	267,253	-	-	-	-	-	-	1,116,451	-
Facilities acquisition and construction	-	-	-	1,408,614	-	-	-	-	-
Debt services	-	2,982,862	620,609	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,007,311	2,982,862	620,609	2,158,858	959,906	287,568	239,704	1,174,385	119,478
Excess (deficiency) of receipts over disbursements	(710,088)	(124,613)	(23,814)	137,105	116,178	(103,337)	(184,691)	(7,013)	96,157
Other financing sources (uses):									
Sale of capital assets	-	-	-	79,100	-	8,000	-	-	-
Total other financing sources (uses)	-	-	-	79,100	-	8,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(710,088)	(124,613)	(23,814)	216,205	116,178	(95,337)	(184,691)	(7,013)	96,157
Cash and investments - ending	\$ 965,365	\$ 1,557,556	\$ 290,820	\$ 1,080,100	\$ 704,444	\$ 216,929	\$ 58,488	\$ 68,638	\$ 381,582

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

	Levy Excess	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Special Education Pre-school	Joint Services and Supply - Special Education Capital Project	Child Care Program - Bellmont High School	Educational License Plates	Alternative Education Access	Early Intervention Grant - 2014	Walmart Award - Monmouth
Cash and investments - beginning	\$ -	\$ 293,380	\$ 142,967	\$ 34,666	\$ 10,854	\$ 4,574	\$ 27,929	\$ -	\$ 178
Receipts:									
Local sources	-	2,528	6,630	-	52,527	-	-	-	-
Intermediate sources	-	-	-	-	-	168	-	-	-
State sources	-	135,217	-	-	-	-	7,311	13,250	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	137,745	6,630	-	52,527	168	7,311	13,250	-
Disbursements:									
Current:									
Instruction	-	94,862	7,090	-	-	-	-	13,250	-
Support services	-	11,338	-	-	412	-	-	-	178
Noninstructional services	-	-	-	-	52,126	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	106,200	7,090	-	52,538	-	-	13,250	178
Excess (deficiency) of receipts over disbursements	-	31,545	(460)	-	(11)	168	7,311	-	(178)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	31,545	(460)	-	(11)	168	7,311	-	(178)
Cash and investments - ending	\$ -	\$ 324,925	\$ 142,507	\$ 34,666	\$ 10,843	\$ 4,742	\$ 35,240	\$ -	\$ -

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

	Walmart Award - Northwest	Walmart Award - Southeast	Bully Busters Program	ACCF - Bellmont Middle School	North Adams Autism Award	Camp Invention	Monsanto Award 2013-2014	Talent Initiative	North Adams School Fund Grant
Cash and investments - beginning	\$ 658	\$ 90	\$ -	\$ 6	\$ -	\$ 540	\$ -	\$ 19,585	\$ 5,442
Receipts:									
Local sources	-	-	-	-	5,251	-	10,000	-	8,153
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	3,509
Total receipts	-	-	-	-	5,251	-	10,000	-	11,662
Disbursements:									
Current:									
Instruction	-	-	-	6	-	540	10,000	-	-
Support services	617	-	-	-	-	-	-	5,648	14,250
Noninstructional services	-	-	-	-	-	-	-	-	271
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	617	-	-	6	-	540	10,000	5,648	14,521
Excess (deficiency) of receipts over disbursements	(617)	-	-	(6)	5,251	(540)	-	(5,648)	(2,859)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(617)	-	-	(6)	5,251	(540)	-	(5,648)	(2,859)
Cash and investments - ending	\$ 41	\$ 90	\$ -	\$ -	\$ 5,251	\$ -	\$ -	\$ 13,937	\$ 2,583

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

	Helen Haubold NA Music Fund	Healthy Families/ Bellmont High School	Southeast Special Education	Adult and Continuing Education	Certification/ Bellmont/ High School Test	Adams County Learning Center	AWS Foundation	Afterschool Childcare Latchkey	H1N1 Health Service Grant
Cash and investments - beginning	\$ -	\$ 3,380	\$ 2,361	\$ 814	\$ 354	\$ 12,381	\$ 190	\$ 3,032	\$ 378
Receipts:									
Local sources	-	8,471	-	-	-	-	163	1,200	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2	-	-
Total receipts	-	8,471	-	-	-	-	165	1,200	-
Disbursements:									
Current:									
Instruction	-	-	154	814	-	12,381	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	154	814	-	12,381	-	-	-
Excess (deficiency) of receipts over disbursements	-	8,471	(154)	(814)	-	(12,381)	165	1,200	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,471	(154)	(814)	-	(12,381)	165	1,200	-
Cash and investments - ending	\$ -	\$ 11,851	\$ 2,207	\$ -	\$ 354	\$ -	\$ 355	\$ 4,232	\$ 378

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

	High Ability Grant 2013-2014	High Ability Grant 2014-2015	High Ability Grant 2012-2013	NAGC - High Ability Conference	Lightspeed Amazing Grant Award	Medicaid Reimbursement	Secured Schools Safety Grant	Cultural Arts	Artist In Education
Cash and investments - beginning	\$ -	\$ -	\$ 5,670	\$ -	\$ -	\$ 59,107	\$ -	\$ -	\$ 1,563
Receipts:									
Local sources	-	-	-	-	5,000	-	-	-	1,350
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	31,714	-	-	9,859	-	7,408	-	2,289	-
Federal sources	-	-	-	-	-	13,709	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	31,714	-	-	9,859	5,000	21,117	-	2,289	1,350
Disbursements:									
Current:									
Instruction	30,062	-	5,670	9,859	-	2,976	-	-	-
Support services	-	-	-	-	-	1,566	51,718	-	-
Noninstructional services	-	-	-	-	-	-	-	2,289	1,310
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,062	-	5,670	9,859	-	4,542	51,718	2,289	1,310
Excess (deficiency) of receipts over disbursements	1,652	-	(5,670)	-	5,000	16,575	(51,718)	-	40
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,652	-	(5,670)	-	5,000	16,575	(51,718)	-	40
Cash and investments - ending	\$ 1,652	\$ -	\$ -	\$ -	\$ 5,000	\$ 75,682	\$ (51,718)	\$ -	\$ 1,603

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

	Healthy Families 2012-2013	Healthy Families 2013-2014	Healthy Families State Funds	Healthy Families 2014-2015	Non-English Speaking Programs P.L. 273-1999	NESP 2013-2014 Funding	School Technology	Performance Based Awards 2012-2013	Classroom Innovation Grant
Cash and investments - beginning	\$ (17,553)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,234	\$ -	\$ (1,789)
Receipts:									
Local sources	-	-	-	-	-	-	31,066	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	69,228	148,303	21,273	-	-	2,627	1,218	172,790	29,522
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	263	-	-
Total receipts	69,228	148,303	21,273	-	-	2,627	32,547	172,790	29,522
Disbursements:									
Current:									
Instruction	-	-	-	-	-	1,616	-	172,790	-
Support services	-	-	-	-	-	-	3,161	-	27,733
Noninstructional services	51,675	180,887	20,663	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	51,675	180,887	20,663	-	-	1,616	3,161	172,790	27,733
Excess (deficiency) of receipts over disbursements	17,553	(32,584)	610	-	-	1,011	29,386	-	1,789
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,553	(32,584)	610	-	-	1,011	29,386	-	1,789
Cash and investments - ending	\$ -	\$ (32,584)	\$ 610	\$ -	\$ -	\$ 1,011	\$ 38,620	\$ -	\$ -

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

	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Special Education 2012-2013	Special Education 2014-2015	Special Education 2013-2014	Technical Assistance Grant 2013-2014	Special Education Pre-school Grant FY 2013	Special Education Pre-school Grant FY 2014
Cash and investments - beginning	\$ (30,089)	\$ -	\$ -	\$ (320,445)	\$ -	\$ -	\$ -	\$ (13,061)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	105,615	258,070	-	663,349	-	1,413,651	32,444	34,499	63,173
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>105,615</u>	<u>258,070</u>	<u>-</u>	<u>663,349</u>	<u>-</u>	<u>1,413,651</u>	<u>32,444</u>	<u>34,499</u>	<u>63,173</u>
Disbursements:									
Current:									
Instruction	71,444	253,085	-	182,843	-	716,805	-	21,438	69,873
Support services	725	25,132	-	152,282	-	787,168	32,669	-	-
Noninstructional services	3,357	7,504	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	7,784	-	72,550	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>75,526</u>	<u>285,721</u>	<u>-</u>	<u>342,909</u>	<u>-</u>	<u>1,576,523</u>	<u>32,669</u>	<u>21,438</u>	<u>69,873</u>
Excess (deficiency) of receipts over disbursements	<u>30,089</u>	<u>(27,651)</u>	<u>-</u>	<u>320,440</u>	<u>-</u>	<u>(162,872)</u>	<u>(225)</u>	<u>13,061</u>	<u>(6,700)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>30,089</u>	<u>(27,651)</u>	<u>-</u>	<u>320,440</u>	<u>-</u>	<u>(162,872)</u>	<u>(225)</u>	<u>13,061</u>	<u>(6,700)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (27,651)</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ (162,872)</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ (6,700)</u>

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

	Special Education Pre-school Grant FY 2015	Area 18 Vocational Education 2013-14	21st Century Learning Center 2014-2015	21st Century Learning Center 2012-2013	21st Century Learning Center 2013-2014	Bellmont Middle School 21st CCLC-LEGO	21st Century Learning Center 2014-2015	21st Century Learning Center 2015-2016	Title II, Part A 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (17,650)	\$ (4,958)	\$ 60	\$ -	\$ -	\$ (5,671)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	21,532	-	26,631	357,714	-	-	-	46,719
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	21,532	-	26,631	357,714	-	-	-	46,719
Disbursements:									
Current:									
Instruction	-	21,532	-	-	-	-	-	-	-
Support services	-	-	2,713	8,981	370,327	60	-	-	45,308
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	21,532	2,713	8,981	370,327	60	-	-	45,308
Excess (deficiency) of receipts over disbursements	-	-	(2,713)	17,650	(12,613)	(60)	-	-	1,411
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,713)	17,650	(12,613)	(60)	-	-	1,411
Cash and investments - ending	\$ -	\$ -	\$ (2,713)	\$ -	\$ (17,571)	\$ -	\$ -	\$ -	\$ (4,260)

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

	Title II, Part A 2014-2015	Title II, Part A 2015-2016	Title III - Language Instruction	Title III 2014-2016	Safe Schools Healthy Students 2012-13: Year V	Perkins Grant 2014-2015	McKinney - Vento Education for Homeless	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,391)	\$ 82,776	\$ 6,345,500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,954,401
Intermediate sources	-	-	-	-	-	-	-	-	224
State sources	-	-	-	-	-	-	-	-	11,895,478
Federal sources	54,474	-	2,438	-	7,371	-	69,814	-	3,780,705
Other	-	-	-	-	-	-	-	4,356,209	4,431,459
Total receipts	54,474	-	2,438	-	7,371	-	69,814	4,356,209	28,062,267
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	9,683,049
Support services	66,244	-	2,651	-	-	-	-	-	7,781,814
Noninstructional services	-	-	-	-	7,371	-	64,033	-	1,775,190
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,488,948
Debt services	-	-	-	-	-	-	-	-	3,603,471
Nonprogrammed charges	-	-	-	-	-	-	-	4,386,505	4,386,505
Total disbursements	66,244	-	2,651	-	7,371	-	64,033	4,386,505	28,718,977
Excess (deficiency) of receipts over disbursements	(11,770)	-	(213)	-	-	-	5,781	(30,296)	(656,710)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	87,100
Total other financing sources (uses)	-	-	-	-	-	-	-	-	87,100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,770)	-	(213)	-	-	-	5,781	(30,296)	(569,610)
Cash and investments - ending	\$ (11,770)	\$ -	\$ (213)	\$ -	\$ -	\$ -	\$ (610)	\$ 52,480	\$ 5,775,890

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 965,365	\$ 1,557,556	\$ 290,820	\$ 1,080,100	\$ 704,444	\$ 216,929	\$ 58,488	\$ 68,638	\$ 381,582
Receipts:									
Local sources	176,241	2,851,560	641,041	2,206,599	775,817	203,909	-	573,180	158,394
Intermediate sources	20	-	-	-	-	-	-	-	-
State sources	11,188,666	-	-	-	-	-	-	26,940	63,271
Federal sources	-	-	-	-	-	-	-	594,456	-
Other	4,635	-	-	-	224	-	-	6,348	872
Total receipts	11,369,562	2,851,560	641,041	2,206,599	776,041	203,909	-	1,200,924	222,537
Disbursements:									
Current:									
Instruction	7,220,066	-	-	-	-	-	21,345	-	-
Support services	3,896,223	-	-	752,612	991,109	258,771	304,503	58,284	168,659
Noninstructional services	289,269	-	-	-	-	-	-	1,077,140	-
Facilities acquisition and construction	-	-	-	1,362,183	-	-	-	-	-
Debt services	-	3,027,665	618,889	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,405,558	3,027,665	618,889	2,114,795	991,109	258,771	325,848	1,135,424	168,659
Excess (deficiency) of receipts over disbursements	(35,996)	(176,105)	22,152	91,804	(215,068)	(54,862)	(325,848)	65,500	53,878
Other financing sources (uses):									
Proceeds of long-term debt	-	-	5,300,000	-	-	-	-	-	-
Bond refunding	-	-	(5,289,361)	-	-	-	-	-	-
Transfers in	5,010	-	-	-	-	-	300,000	-	-
Transfers out	(19,000)	-	-	(141,000)	(190,000)	-	-	-	-
Total other financing sources (uses)	(13,990)	-	10,639	(141,000)	(190,000)	-	300,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,986)	(176,105)	32,791	(49,196)	(405,068)	(54,862)	(25,848)	65,500	53,878
Cash and investments - ending	\$ 915,379	\$ 1,381,451	\$ 323,611	\$ 1,030,904	\$ 299,376	\$ 162,067	\$ 32,640	\$ 134,138	\$ 435,460

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Levy Excess	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Special Education Pre-school	Joint Services and Supply - Special Education Capital Project	Child Care Program - Bellmont High School	Educational License Plates	Alternative Education Access	Early Intervention Grant - 2014	Walmart Award - Monmouth
Cash and investments - beginning	\$ -	\$ 324,925	\$ 142,507	\$ 34,666	\$ 10,843	\$ 4,742	\$ 35,240	\$ -	\$ -
Receipts:									
Local sources	1,482	2,076	748	-	100	-	-	-	-
Intermediate sources	-	-	-	-	-	132	-	-	-
State sources	-	135,217	-	-	-	-	9,079	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,482	137,293	748	-	100	132	9,079	-	-
Disbursements:									
Current:									
Instruction	-	18,989	79	-	-	-	31,869	-	-
Support services	-	1,729	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	6,287	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	20,718	79	-	6,287	-	31,869	-	-
Excess (deficiency) of receipts over disbursements	1,482	116,575	669	-	(6,187)	132	(22,790)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,656)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(4,656)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,482	116,575	669	-	(10,843)	132	(22,790)	-	-
Cash and investments - ending	\$ 1,482	\$ 441,500	\$ 143,176	\$ 34,666	\$ -	\$ 4,874	\$ 12,450	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Walmart Award - Northwest	Walmart Award - Southeast	Bully Busters Program	ACCF - Bellmont Middle School	North Adams Autism Award	Camp Invention	Monsanto Award 2013-2014	Talent Initiative	North Adams School Fund Grant
Cash and investments - beginning	\$ 41	\$ 90	\$ -	\$ -	\$ 5,251	\$ -	\$ -	\$ 13,937	\$ 2,583
Receipts:									
Local sources	-	-	-	-	3,900	-	-	-	300
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	3,500	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	1,373
Total receipts	-	-	3,500	-	3,900	-	-	-	1,673
Disbursements:									
Current:									
Instruction	-	-	2,900	-	8,201	-	-	-	-
Support services	41	90	600	-	-	-	-	8,823	1,871
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	41	90	3,500	-	8,201	-	-	8,823	1,871
Excess (deficiency) of receipts over disbursements	(41)	(90)	-	-	(4,301)	-	-	(8,823)	(198)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(1,762)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(1,762)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41)	(90)	-	-	(4,301)	-	-	(8,823)	(1,960)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 950	\$ -	\$ -	\$ 5,114	\$ 623

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Helen Haubold NA Music Fund	Healthy Families/ Bellmont High School	Southeast Special Education	Adult and Continuing Education	Certification/ Bellmont/ High School Test	Adams County Learning Center	AWS Foundation	Afterschool Childcare Latchkey	H1N1 Health Service Grant
Cash and investments - beginning	\$ -	\$ 11,851	\$ 2,207	\$ -	\$ 354	\$ -	\$ 355	\$ 4,232	\$ 378
Receipts:									
Local sources	7,427	12,275	-	-	-	-	506	950	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	7,427	12,275	-	-	-	-	506	950	-
Disbursements:									
Current:									
Instruction	9,189	-	-	-	-	-	30	-	-
Support services	-	4,314	-	-	-	-	-	-	378
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,189	4,314	-	-	-	-	30	-	378
Excess (deficiency) of receipts over disbursements	(1,762)	7,961	-	-	-	-	476	950	(378)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	1,762	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(354)	-	-	-	-
Total other financing sources (uses)	1,762	-	-	-	(354)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,961	-	-	(354)	-	476	950	(378)
Cash and investments - ending	\$ -	\$ 19,812	\$ 2,207	\$ -	\$ -	\$ -	\$ 831	\$ 5,182	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	High Ability Grant 2013-2014	High Ability Grant 2014-2015	High Ability Grant 2012-2013	NAGC - High Ability Conference	Lightspeed Amazing Grant Award	Medicaid Reimbursement	Secured Schools Safety Grant	Cultural Arts	Artist In Education
Cash and investments - beginning	\$ 1,652	\$ -	\$ -	\$ -	\$ 5,000	\$ 75,682	\$ (51,718)	\$ -	\$ 1,603
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,325
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	31,953	-	-	-	11,784	50,000	-	-
Federal sources	-	-	-	-	-	23,414	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	31,953	-	-	-	35,198	50,000	-	4,325
Disbursements:									
Current:									
Instruction	1,652	26,890	-	-	-	-	-	-	-
Support services	-	-	-	-	5,000	1,687	89,432	-	-
Noninstructional services	-	-	-	-	-	-	-	-	5,660
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,652	26,890	-	-	5,000	1,687	89,432	-	5,660
Excess (deficiency) of receipts over disbursements	(1,652)	5,063	-	-	(5,000)	33,511	(39,432)	-	(1,335)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	50,000	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	50,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,652)	5,063	-	-	(5,000)	33,511	10,568	-	(1,335)
Cash and investments - ending	\$ -	\$ 5,063	\$ -	\$ -	\$ -	\$ 109,193	\$ (41,150)	\$ -	\$ 268

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Healthy Families 2012-2013	Healthy Families 2013-2014	Healthy Families State Funds	Healthy Families 2014-2015	Non-English Speaking Programs P.L. 273-1999	NESP 2013-2014 Funding	School Technology	Performance Based Awards 2012-2013	Classroom Innovation Grant
Cash and investments - beginning	\$ -	\$ (32,584)	\$ 610	\$ -	\$ -	\$ 1,011	\$ 38,620	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	36,023	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	81,543	7,535	245,610	2,290	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,048	-	-
Total receipts	-	81,543	7,535	245,610	2,290	-	38,071	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	1,011	-	-	-
Support services	-	-	-	2,174	195	-	9,650	-	-
Noninstructional services	-	41,190	8,145	220,599	-	-	-	-	-
Facilities acquisition and construction	-	-	-	5,000	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	41,190	8,145	227,773	195	1,011	9,650	-	-
Excess (deficiency) of receipts over disbursements	-	40,353	(610)	17,837	2,095	(1,011)	28,421	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	40,353	(610)	17,837	2,095	(1,011)	28,421	-	-
Cash and investments - ending	\$ -	\$ 7,769	\$ -	\$ 17,837	\$ 2,095	\$ -	\$ 67,041	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Special Education 2012-2013	Special Education 2014-2015	Special Education 2013-2014	Technical Assistance Grant 2013-2014	Special Education Pre-school Grant FY 2013	Special Education Pre-school Grant FY 2014
Cash and investments - beginning	\$ -	\$ (27,651)	\$ -	\$ (5)	\$ -	\$ (162,872)	\$ (225)	\$ -	\$ (6,700)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	93,155	269,211	430	1,147,072	687,357	14,569	-	10,849
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	93,155	269,211	430	1,147,072	687,357	14,569	-	10,849
Disbursements:									
Current:									
Instruction	-	65,504	246,510	-	533,112	158,972	-	-	4,149
Support services	-	-	18,340	425	774,978	263,945	14,344	-	-
Noninstructional services	-	-	1,566	-	-	-	-	-	-
Facilities acquisition and construction	-	-	25,870	-	82,098	7,545	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	65,504	292,286	425	1,390,188	430,462	14,344	-	4,149
Excess (deficiency) of receipts over disbursements	-	27,651	(23,075)	5	(243,116)	256,895	225	-	6,700
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	27,651	(23,075)	5	(243,116)	256,895	225	-	6,700
Cash and investments - ending	\$ -	\$ -	\$ (23,075)	\$ -	\$ (243,116)	\$ 94,023	\$ -	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Special Education Pre-school Grant FY 2015	Area 18 Vocational Education 2013-14	21st Century Learning Center 2014-2015	21st Century Learning Center 2012-2013	21st Century Learning Center 2013-2014	Bellmont Middle School 21st CCLC-LEGO	21st Century Learning Center 2014-2015	21st Century Learning Center 2015-2016	Title II, Part A 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ (2,713)	\$ -	\$ (17,571)	\$ -	\$ -	\$ -	\$ (4,260)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	51,527	-	-	-	36,297	-	127,097	-	43,463
Other	-	-	2,713	-	-	-	-	-	-
Total receipts	51,527	-	2,713	-	36,297	-	127,097	-	43,463
Disbursements:									
Current:									
Instruction	57,520	-	-	-	-	-	-	18,043	-
Support services	-	-	-	-	18,726	-	337,812	21,084	38,795
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	57,520	-	-	-	18,726	-	337,812	39,127	38,795
Excess (deficiency) of receipts over disbursements	(5,993)	-	2,713	-	17,571	-	(210,715)	(39,127)	4,668
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,993)	-	2,713	-	17,571	-	(210,715)	(39,127)	4,668
Cash and investments - ending	\$ (5,993)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (210,715)	\$ (39,127)	\$ 408

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title II, Part A 2014-2015	Title II, Part A 2015-2016	Title III - Language Instruction	Title III 2014-2016	Safe Schools Healthy Students 2012-13: Year V	Perkins Grant 2014-2015	McKinney - Vento Education for Homeless	Clearing	Totals
Cash and investments - beginning	\$ (11,770)	\$ -	\$ (213)	\$ -	\$ -	\$ -	\$ (610)	\$ 52,480	\$ 5,775,890
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,656,853
Intermediate sources	-	-	-	-	-	-	-	-	152
State sources	-	-	-	-	-	-	-	-	11,857,388
Federal sources	25,494	11,340	213	-	-	15,969	7,930	-	3,159,843
Other	-	-	-	-	-	-	-	3,877,143	3,895,356
Total receipts	25,494	11,340	213	-	-	15,969	7,930	3,877,143	26,569,592
Disbursements:									
Current:									
Instruction	-	4,188	-	-	-	38,933	-	-	8,469,152
Support services	13,988	7,152	-	3,862	-	-	-	-	8,069,596
Noninstructional services	-	-	-	-	-	-	5,536	-	1,655,392
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,482,696
Debt services	-	-	-	-	-	-	-	-	3,646,554
Nonprogrammed charges	-	-	-	-	-	-	-	3,778,510	3,778,510
Total disbursements	13,988	11,340	-	3,862	-	38,933	5,536	3,778,510	27,101,900
Excess (deficiency) of receipts over disbursements	11,506	-	213	(3,862)	-	(22,964)	2,394	98,633	(532,308)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	5,300,000
Bond refunding	-	-	-	-	-	-	-	-	(5,289,361)
Transfers in	-	-	-	-	-	-	-	-	356,772
Transfers out	-	-	-	-	-	-	-	-	(356,772)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	10,639
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,506	-	213	(3,862)	-	(22,964)	2,394	98,633	(521,669)
Cash and investments - ending	\$ (264)	\$ -	\$ -	\$ (3,862)	\$ -	\$ (22,964)	\$ 1,784	\$ 151,113	\$ 5,254,221

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NORTH ADAMS COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	iPads and iPad Management	\$ 87,293	5/14/2015	5/14/2018
DeLage Landen Public Finance LLC	Sharp Copy Machines	10,620	9/23/2011	9/23/2016
DeLage Landen Public Finance LLC	Sharp Copy Machines	31,980	12/1/2012	12/1/2017
DeLage Landen Public Finance LLC	Sharp Copy Machines	26,328	8/1/2013	8/1/2018
DeLage Landen Public Finance LLC	Sharp Copy Machines	11,748	4/1/2015	4/1/2020
North Adams Community Schools Renovation Building Corporation	Lease High School Building	2,410,000	3/10/2000	1/5/2020
North Adams Community Schools Renovation Building Corporation	Lease Elementary Schools	463,416	6/30/2006	1/5/2023
North Adams Community Schools Renovation Building Corporation	Lease BHS Science Wing	97,000	7/15/2008	1/15/2022
US Bank Equipment Finance	Lexmark Printers	<u>26,086</u>	7/1/2013	7/1/2018
Total of annual lease payments		<u>\$ 3,164,471</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Type			
Governmental activities:			
General Obligation Bonds	Pension Retirement 2014	<u>\$ 5,035,000</u>	<u>\$ 621,220</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the North Adams Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, and 2015-006 to be material weaknesses.

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

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

February 24, 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.

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 13-14/14-15	\$ 128,460	\$ 133,561
National School Lunch Program	Indiana Department of Education	10.555	FY 13-14/14-15	523,719	535,773
National School Lunch Program After School Snack Reimbursements			FY 13-14/14-15	<u>32,018</u>	<u>30,567</u>
Total - National School Lunch Program				<u>555,737</u>	<u>566,340</u>
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 13-14/14-15	<u>50,346</u>	<u>39,073</u>
Total - Child Nutrition Cluster				<u>734,543</u>	<u>738,974</u>
Total - Department of Agriculture				<u>734,543</u>	<u>738,974</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14213-001-PN01	167,912	109
			14214-001-PN01	163,458	68,183
			14215-001-PN01	-	307,355
			99914-001-TA01	<u>8,212</u>	<u>3,688</u>
Total - Special Education - Grants to States				<u>339,582</u>	<u>379,335</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			14713-001-PN01	10,861	-
			45714-001-PN01	19,982	3,432
			45715-001-PN01	-	16,330
Total - Special Education - Preschool Grants				<u>30,843</u>	<u>19,762</u>
Total - Special Education Cluster (IDEA)				<u>370,425</u>	<u>399,097</u>
Safe and Drug-Free Schools and Communities - National Programs	Direct Grant	84.184	FY 12-13	<u>7,371</u>	<u>-</u>

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

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			13-0025	105,615	-
			14-0025	258,070	93,155
			15-0025	-	269,211
				<u>363,685</u>	<u>362,366</u>
Total - Title I Grants to Local Educational Agencies					
Career and Technical Education - Basic Grants to States	Bluffton-Harrison MSD	84.048			
			14-4700-8445	21,532	-
			15-4700-8445	-	15,969
				<u>21,532</u>	<u>15,969</u>
Total - Career and Technical Education - Basic Grants to States					
Education for Homeless Children and Youth	Indiana Department of Education	84.196			
			FY12-13	34,244	-
			FY13-14	35,570	-
			FY14-15	-	7,930
				<u>69,814</u>	<u>7,930</u>
Total - Education for Homeless Children and Youth					
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287			
			FY12-13	26,631	-
			FY13-14	357,714	36,297
			FY14-15	-	127,097
				<u>384,345</u>	<u>163,394</u>
Total - Twenty-First Century Community Learning Centers					
English Language Acquisition State Grants	South Adams Schools	84.365	FY 12-14	2,438	213
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY11-13	36,742	-
			FY12-14	46,719	43,463
			FY13-15	17,732	25,494
			FY14-16	-	11,340
				<u>101,193</u>	<u>80,297</u>
Total - Improving Teacher Quality State Grants					
Total - Department of Education				<u>1,320,803</u>	<u>1,029,266</u>
Total federal awards expended				<u>\$ 2,055,346</u>	<u>\$ 1,768,240</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2014	For the Year Ended June 30, 2015
National School Lunch Program	10.555	\$ 80,596	\$ 76,715

Note 3. Special Education Program

The School Corporation is a participant in and serves as the fiscal agent for a special education program consisting of other member School Corporations. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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 2015-001 - 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 control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, we noted the following errors:

1. The Child Nutrition Cluster expenditures had been omitted from FY 2013/2014 (\$734,543) and FY 2014/2015 (\$738,974).
2. Special Education Cluster (IDEA) expenditures had been omitted from FY 2013/2014 (\$370,425) and were understated in FY 2014/2015 (\$36,426).
3. Title I Grants to Local Educational Agencies expenditures were understated in FY 2013/2014 (\$105,615) and FY 2014/2015 (\$93,155).
4. Other grants were either entirely omitted or misidentified by grant number.

Audit adjustments totaling \$1,266,117 for FY 2013/2014 and \$940,764 for FY 2014/2015 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)

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.

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

- (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."

FINDING 2015-002 - INTERNAL CONTROLS OVER RECEIPTS

We noted deficiencies in the internal control system of the School Corporation related to receipting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts. We could not verify adequate segregation of duties in place, such as oversight, review, or approval process, to ensure that revenues were properly receipted and recorded into the School Corporation's ledgers.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over financial transactions and reporting. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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)

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year: FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties such as an oversight or approval process, related to the following compliance requirements that have a direct and material effect to the programs: Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Cash Management

Federal regulations require schools to maintain a food service balance less than or equal to the average expenditures for three months. The School Corporation did not establish a control to ensure that the food service balance was less than or equal to the average expenditure for three months operating expenses.

Eligibility

A parent must file an application for their child to qualify for free or reduced price meals unless the child qualifies through direct certification. For applications filed, the Food Service Director or Secretary individually entered the Application for Free or Reduced Price Meals and Other Benefits (School Form No. 521) into the Meals Plus Program (food service software), which automatically made the determination dependent on the information entered into the system. There was no control in place to ensure the information entered into the system was accurate or correct.

Program Income

The School Board approved meal prices; however, there is no control in place to ensure that the prices approved were being correctly charged by the individual schools.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal regulations require that schools select and verify a sample of their approved free and reduced price meal applications on file as of October 1. The Food Service Director performed the verifications; however, there was no control in place to determine whether the verifications performed were correct.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements noted above that have a direct and material effect on the programs.

FINDING 2015-004 - REPORTING

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Year: FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Reporting compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of non-compliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation must submit an Annual Financial Report, Subrecipient Special Reporting - Claim for Reimbursement, and Subrecipient Special Reporting - Verification Summary Report as required by the Indiana Department of Education. The individual preparing the reports submits the reports without a control in place to determine whether the reports were accurate.

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

The School Nutrition Director enters meal counts and their proper classifications into the Indiana Department of Education's reimbursement software which calculates the reimbursement amount claimed. During the first year of the audit, all schools were reimbursed for breakfast at the "Severe Needs" reimbursement rates and during the second year, all schools except for the high school were reimbursed for breakfast at the "Severe Needs" rates. The elementary schools qualified to be reimbursed at the "Severe Needs" rate based on the School Corporation's submission of a Provision Policy Statement. The School Corporation, however, did not provide sufficient documentation to show why they were reimbursed for breakfast at the "Severe Needs" rates for the middle school and high school. The School Corporation does not verify "Severe Needs" reimbursement rates through comparison of reimbursement claims with qualified rates.

In addition, the amounts reported as receipts for Federal Reimbursements on the Annual Financial Report for the fiscal years ending June 30, 2014 and 2015, did not agree to the School Corporation's financial records.

7 CFR 3016.20(b)(1) states:

"Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

7 CFR 210.8(a)(2) states:

"School food authority claims review process. Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title . . ."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

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

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Reporting compliance requirements.

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year: FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Federal regulations require that schools annually review their paid lunch revenue to assure compliance with the Paid Lunch Equity requirement. Schools must calculate their weighted-average price to determine if it has sufficient funding for paid meals served. The Food Service Director calculates the weighted-average price for the School Corporation; however, there is no control to ensure that the calculation was correct.

The School Corporation did not comply with the Paid Lunch Equity requirements. The monthly number of paid meals and paid lunch prices used to calculate the weighted average price for FY 2013/2014 did not match the units' records.

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

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

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section

...

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

7 CFR 210.15(b)(6) states: "Records to document compliance with the requirements in §210.14(e)"

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

FINDING 2015-006 - INTERNAL CONTROL OVER TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Years: 13-0025, 14-0025, 15-0025
Pass-Through Entity: Indiana Department of Education

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

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the following compliance requirements: Reporting and Cash Management. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Reporting and Cash Management

The School Corporation submits claims for reimbursement for Title I expenditures monthly to the Indiana Department of Education. There is no control in place to ensure that the Claims for Reimbursement are accurate.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements noted above that have a direct and material effect on the program.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



North Adams Community Schools



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

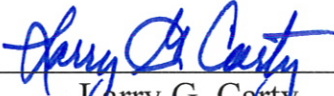
February 23, 2016

Finding Number 2013-002


Original SBA Audit Report Number: B43220
Report Period: 7/1/2011 to 6/30/2013
Pass-Through Entity or Federal Grantor Agency: Department of Education
Contact Person Responsible: Larry G. Carty, Treasurer
Contact Phone Number: 260-724-7146

Status of Finding: Equipment and Real Property Management

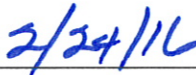
North Adams Community Schools continues to maintain property records that include description of the asset, serial number and bar code, location and use, and other requirements as specified in 34 CFR 80.32 Equipment. In addition, assets acquired with Federal funds are designated as such so that they are not disposed of improperly.



Larry G. Carty



Treasurer
Title



Date

Area 18 - Equipment Policy (11-2-2011, kk)

Equipment tagged prior to July 1, 2011

1. Equipment that was tagged with a IDWD or IDOE asset tag must continue to use the asset tag for tracking purposes.
2. If a tag needs replaced you will have to request a tag from DOE as a replacement since the equipment is in the state system. Any changes to the tag must be reported to Kevin Keller at Area 18 office.

Equipment purchased after July 1, 2011

1. Equipment purchased after July 1, 2011 should be tagged or recorded by the school/district.
2. The school/district can create their own records for tracking the equipment and will not be using DOE or DWD tags forward. Each piece of equipment will also have an Area 18 label attached to help discriminate CTE purchases.
3. If a school finds an item that should have had a DWD tag, but a tag was never requested, the school/district may use their process to tag/record the item and add it to their equipment list.

Site Visits – Review of Equipment List

1. The districts/schools equipment list and procedures for tagging equipment purchased with Perkins funds will be requested at site visits.
2. A random sampling of equipment purchased will be reviewed during the site visit.

Unwanted Equipment with a DWD or DOE tag

1. Complete a state surplus form - contact Kevin Keller at Area 18
2. Return form to Kevin Keller and he will forward for a state signature.
3. Form will be returned to school once signed by IDOE.
4. The school would then need to work with state surplus staff for arrangements of delivery.

Unwanted Equipment without a DWD or DOE tag

1. If a district/school has old equipment they want to dispose of and it has not been assigned a state tag they may dispose of the old equipment.
2. If equipment is sold the earning from the sold equipment must be returned to the state fiscal agent, "DOE".
3. The district/school is responsible for updating their tag/record of the item to show the item has been disposed. Disposal records should be kept with the equipment file.

Lost or Stolen Equipment

1. **With a State Tag** - If equipment that that has a state tag assigned to it is lost or stolen the school/district must contact Tina Lovelady to complete the forms that would document this loss.
2. **Without a State Tag** - If the equipment that is lost or stolen does not contain a state tag the school may handle the loss without notifying the state. The lost must be documented on the equipment list and supporting documents should be keep with the equipment list for review during site visits.

Basic Equipment Reminders

1. Recording equipment needs to be done for all equipment over \$500.
2. Kits over \$500 do not need recorded unless one of the pieces is greater than \$500.
3. Newly purchased software has to be recorded not annual updates/renewals.
4. Damaged IDWD or IDOE unreadable tags need replaced - contact Kevin Keller at Area 18



NOTIFICATION OF SURPLUS STATE-OWNED PROPERTY

State Form 13812 (R5 / 3-11)
Approved by State Board of Accounts, 2011

Date (month, day, year)

Original Acquisition Cost Per Unit Was:
 Over \$2500 Less Than \$2500

DEPARTMENT OF ADMINISTRATION
Operations Division / Surplus Property
601 W. McCarty Street, Suite 100
Indianapolis, IN 46225

- INSTRUCTIONS:**
1. Place usable and non-usable items on separate forms. Place items requiring different dispositions on separate forms (all Sell on one form, all Transfer on a different form, etc.).
 2. The agency completing the form is prohibited from disposing of surplus property without authorization from Department of Administration.
 3. After authorization is given by Surplus Property Section, disposition agent must make changes to inventory.
 4. Incomplete forms will not be approved and will be returned.

Name of Notifying State Agency	Division	Name of Disposition Agent
Address of State Agency (number and street, city, ZIP code)	Account Number for Deposit of Proceeds	Telephone Number

The following items of state owned property have been determined to be surplus to agency needs:

Quantity Unit	Description and Condition of Item(s) (List Make, Model, Year, Serial No. or VIN for Motor Vehicles, See Note* Below)	Asset Tag Number	Disposition Requested	Original Acquisition Cost
		Remove tag and adjust inventory in Encompass. If requesting to SELL item(s), indicate name of contact, telephone number and minimum bid required.		Original Purchase Fund
	<input type="checkbox"/> Usable <input type="checkbox"/> Non-Usable	State Asset Tag Number:	<input type="checkbox"/> Sell <input type="checkbox"/> Trade <input type="checkbox"/> Transfer <input type="checkbox"/> Dispose	\$
		Contact: Telephone Number: Minimum Bid Required: \$		
	<input type="checkbox"/> Usable <input type="checkbox"/> Non-Usable	State Asset Tag Number:	<input type="checkbox"/> Sell <input type="checkbox"/> Trade <input type="checkbox"/> Transfer <input type="checkbox"/> Dispose	\$
		Contact: Telephone Number: Minimum Bid Required: \$		
	<input type="checkbox"/> Usable <input type="checkbox"/> Non-Usable	State Asset Tag Number:	<input type="checkbox"/> Sell <input type="checkbox"/> Trade <input type="checkbox"/> Transfer <input type="checkbox"/> Dispose	\$
		Contact: Telephone Number: Minimum Bid Required: \$		
	<input type="checkbox"/> Usable <input type="checkbox"/> Non-Usable	State Asset Tag Number:	<input type="checkbox"/> Sell <input type="checkbox"/> Trade <input type="checkbox"/> Transfer <input type="checkbox"/> Dispose	\$
		Contact: Telephone Number: Minimum Bid Required: \$		
	<input type="checkbox"/> Usable <input type="checkbox"/> Non-Usable	State Asset Tag Number:	<input type="checkbox"/> Sell <input type="checkbox"/> Trade <input type="checkbox"/> Transfer <input type="checkbox"/> Dispose	\$
		Contact: Telephone Number: Minimum Bid Required: \$		

If applicable, all data has been removed from the computer storage devices(s) (hard drives, PDA's etc.) per the State of Indiana Enterprise Information Technology Security Policy Guideline. Yes No N/A _____ Initials

*For Motor Vehicles, Include Vehicle Identification Number (VIN), Commission Number, Mileage and Condition (POOR, AVERAGE or GOOD).

I hereby affirm that the above listed state surplus property is as described and has not been disposed of by this agency without proper authorization from the Department of Administration. All information listed on this form is true and accurate.

Signature of Disposition Agent _____ Date Signed (month, day, year) _____

Distribution of Copies

Original: Department of Administration (Surplus Property/Operations Division)
Copies: Department of Administration (Procurement Division)
Disposition Agent File
Receiving Agency (for transfer only)
State Surplus will distribute copies after approval.

DO NOT WRITE HERE - STATE SURPLUS USE ONLY

APPROVED (Make necessary changes to inventory records.)

From _____

To _____

Signature of Approval _____ Date Signed (month, day, year) _____

Area 18 School must fill out the Indiana surplus form-13812

Return that form to the Area 18 Director, removing item from inventory.

Equipment must be stored by Area 18 School until which time a truck can be rented, equipment picked-up and delivered to Indianapolis.

1. Complete the attached surplus form-13812 with tag number, serial number amount when received and check as a transfer on each line.
2. Once completed forward the form to me for signature Attn: Deepali Jani. I will then forward this form to Surplus for approval.
3. School surplusing said equipment will need to provide date of delivery to 601 W. McCarty Street. Note: **Surplus will not be able to pick-up from school.**
4. Once the equipment is delivered Asset Management will disposed said equipment in PeopleSoft.
5. During this whole process, please provide individual's contact information to me so that we can keep this information on record until the equipment has been delivered to surplus.
6. Please do not sign the bottom of the form, this field will be completed during the time of approval.

IF you have any questions, please let me know.

Following Information is required on Surplus form.

Name of Notifying State Agency: IDOE-Perkins Fund

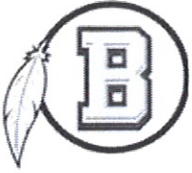
Division: CTE & School Name

Name of Disposition Agent: Deepali Jani

Address: School Address & 151 W. Ohio Street In-46204

Account Number: Perkins Fund—62620/023072/55600

Telephone: 317-232-0520 and school telephone number



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February 23, 2016

Finding 2015-001:

Federal Agency: Department of Education
Federal Program(s): Child Nutrition Cluster
Special Education Cluster (IDEA)
Title I, Part A
CFDA Number: none
Federal Award Year: FY 2013/2014, FY 2014/2015

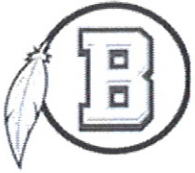
Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Preparation of the Schedule of Expenditures of Federal Awards**” finding. A system of internal controls will be established to assure the reliability of financial records and to ensure accurate reporting of federal awards in a timely manner.

by June 30, 2016 BR

Brent Lehman
Superintendent

Larry G. Carby
Treasurer



North Adams Community Schools

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February 23, 2016

Finding 2015-002:

Federal Agency: Department of Education
Federal Program(s): All
CFDA Number: none
Federal Award Year: FY 2013/2014, FY 2014/2015

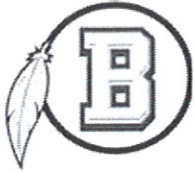
Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Internal Controls Over Receipts**” finding. A system of internal controls will be established to document at least monthly the receipt of revenues. Segregation of duties will be defined to assure appropriate separation over receipting.

by June 30, 2016 BL

Brent Lehman
Superintendent

Larry G. Carty
Treasurer



North Adams Community Schools

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February 23, 2016

Finding 2015-003:

Federal Agency: U.S. Department of Agriculture
Federal Program(s): School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555 and 10.559
Federal Award Year: FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education

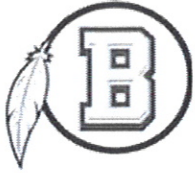
Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Internal Controls over Child Nutrition Cluster**” finding. A system of internal controls will be established to ensure the segregation of duties to assure oversight related to compliance regarding Cash Management, Eligibility, Program Income, and Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP), respectively.

by June 30, 2016 BZ

Brent Lehman
Superintendent

Larry G. Carty
Treasurer



North Adams Community Schools

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February 23, 2016

Finding 2015-004:

Federal Agency: U.S. Department of Agriculture
Federal Program(s): School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555 and 10.559
Federal Award Year: FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education

Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Reporting**” finding. A system of internal controls will be established including the segregation of duties to ensure compliance with the grant agreement and Reporting compliance requirements.

by June 30, 2016 BZ

Brent Lehman
Superintendent

Larry G. Carty
Treasurer



North Adams Community Schools

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February 23, 2016


Finding 2015-005:

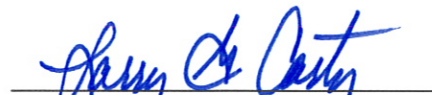
Federal Agency: U.S. Department of Agriculture
Federal Program(s): School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555 and 10.559
Federal Award Year: FY 2013/2014, FY 2014/2015
Pass-Through Entity: Indiana Department of Education

Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Special Tests and Provisions – Paid Lunch Equity**” finding. A system of internal controls will be established including the segregation of duties to ensure compliance with the grant agreement and Paid Lunch Equity requirements, respectively.

by June 30, 2016 BL


Brent Lehman
Superintendent


Larry G. Carty
Treasurer



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February 23, 2016

Finding 2015-006:

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Year: 13-0025, 14-0025, and 15-0025
Pass-Through Entity: Indiana Department of Education

Corrective Action:

North Adams Community Schools will make every reasonable effort to comply with the “**Internal Controls over Title I Grants to Local Educational Agencies**” finding. A system of internal controls will be established including the segregation of duties to ensure compliance with the grant agreement and Reporting and Cash Management requirements, respectively.

by June 30, 2016 BZ

Brent Lehman
Superintendent

Larry G. Carty
Treasurer

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.