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

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


January 23, 2018

Board of Directors  
Switzerland County Public Schools Endowment Corporation  
12085 Lake Geneva Rd.  
Vevay, IN 47043

We have reviewed the report prepared by Switzerland County Public Schools Endowment Corporation and opined upon by Sherman, Barber & Mullikin, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Switzerland County Public Schools Endowment Corporation as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Sherman, Barber & Mullikin prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

**SWITZERLAND COUNTY PUBLIC SCHOOLS  
ENDOWMENT CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

December 31, 2015  
and  
December 31, 2014

**SHERMAN, BARBER & MULLIKIN  
CERTIFIED PUBLIC ACCOUNTANTS  
210 West Third Street  
Madison, Indiana**

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

December 31, 2015 and 2014

CONTENTS

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	2 - 3
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS	4
NOTES TO FINANCIAL STATEMENTS	5 - 6
SUPPLEMENTAL INFORMATION	
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE	8



**SHERMAN, BARBER & MULLIKIN**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

**Principals**

Julia R. Barber, CPA  
Kevin W. Mullikin, CPA  
Ben M. Foley, CPA

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Christine D. Dattilo, CPA  
Tracy L. Wyne, CPA

To the Board of Directors  
Switzerland County Public Schools Endowment Corporation  
Vevay, Indiana

We have audited the accompanying financial statements of Switzerland County Public Schools Endowment Corporation (a nonprofit corporation), which comprise the Statements of Cash Receipts and Disbursements for the years ended December 31, 2015 and December 31, 2014, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 statements.

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

To the Board of Directors  
Switzerland County Public Schools Endowment Corporation  
September 9, 2016  
Page Two

### **Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the Cash Receipts and Disbursements and Cash Balance of the Switzerland County Public Schools Endowment Corporation for the years ended December 31, 2015 and December 31, 2014, in accordance with the cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State and Local Assistance is presented for purposes of additional analysis as required by the Indiana State Board of Accounts and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Sherman, Barber & Mullikin*

Sherman, Barber & Mullikin

September 9, 2016

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Statements of Cash Receipts and Disbursements  
For the Years Ended December 31,**

	<u>2015</u>	<u>2014</u>
<b>Cash Receipts</b>		
County Financial Assistance	\$ 995,838	\$ 1,333,076
Interest Income	<u>58</u>	<u>3,181</u>
<b>Total Cash Receipts</b>	995,896	1,336,257
 <b>Cash Disbursements</b>		
Investment Purchases	101,992	199,956
Grants	943,155	807,503
Board Fees	8,500	7,750
Professional Fees	7,285	7,504
Insurance	898	175
Advertisement	-	107
Administrative	<u>196</u>	<u>10</u>
<b>Total Cash Disbursements</b>	<u>1,062,026</u>	<u>1,023,005</u>
 <b>Increase (Decrease) in Cash</b>	(66,130)	313,252
 <b>Cash Balance, Beginning of Year</b>	<u>677,434</u>	<u>364,182</u>
 <b>Cash Balance, End of Year</b>	<u>\$ 611,304</u>	<u>\$ 677,434</u>

# SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

## Notes to Financial Statements December 31, 2015 and 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Switzerland County Public Schools Endowment Corporation is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Board of Directors, who are responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The significant accounting policies of the Corporation are as follows:

#### Organization

Switzerland County Public Schools Endowment Corporation was incorporated in August of 2000. It is a nonprofit organization managed by an appointed board of directors. No capital stock exists.

The main purpose of the Corporation is to provide educational resources to the public schools located in Switzerland County, Indiana. The Corporation is substantially supported by revenue sharing amounts received from Switzerland County from the taxes collected from riverboat gaming.

#### Income Taxes

The Corporation has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation has also been granted exemption from Indiana Gross Receipts Tax under Indiana Code 6-2.1-3-33. Accordingly, no provision has been made for income taxes in the financial statements.

#### Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the outstanding obligations for grants unpaid at the date of the financial statements are not included in the financial statements and the balance of investments has not been recorded.

# SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

## Notes to Financial Statements December 31, 2015 and 2014

### NOTE 2. FUNDING SOURCE

The Corporation receives funding from Switzerland County. The County receives a portion of gaming revenue as part of a development agreement with a gaming development corporation. Switzerland County then shares a portion of that revenue with the Corporation.

### NOTE 3. INVESTMENTS

During 2013 the Corporation began depositing money into an investment account. Under the cash basis of accounting these transactions are recorded as disbursements. Since the fund was opened, the Corporation has deposited \$2,133,493 into the account. At December 31, 2015 and 2014, respectively, the investment account had a value of \$2,200,224 and \$2,163,174.

### NOTE 4. COMMITMENTS

At December 31, 2015 and 2014, there were grants awarded but not yet disbursed of \$1,924,215 and \$800,695, respectively. The events requiring disbursement of the funds had not yet occurred. In accordance with the cash basis of accounting, these amounts will be reflected as grants when they are expended.

### NOTE 5. CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash at one federally insured financial institution. At times, such balances may be in excess of the FDIC insurance limit. At December 31, 2015, the Corporation's uninsured balance was \$361,303.

### NOTE 6. ECONOMIC DEPENDENCY

The Corporation receives substantially all of its support through revenue sharing of gaming revenues in Switzerland County. The reduction or elimination of this support would substantially impact the activities of the Corporation.

### NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 9, 2016, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Schedule of State and Local Financial Assistance**

Switzerland County

For the year ended:

December 31, 2015	\$	995,838
December 31, 2014	\$	1,333,076

These amounts have been reflected in accordance with the cash basis of accounting.