

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, 2015 to June 30, 2017



FILED
03/27/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Larry G. Carty	07-01-15 to 06-30-18
Superintendent of Schools	Brent M. Lehman	07-01-15 to 06-30-18
President of the School Board	Benjamin S. Faurote	01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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 from 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 to 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 March 1, 2018, 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 solely 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 effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 1, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Adams Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated March 1, 2018, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

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

March 1, 2018

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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, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 915,379	\$ 11,967,922	\$ 11,517,427	\$ -	\$ 1,365,874	\$ 11,916,601	\$ 11,028,931	\$ (325)	\$ 2,253,219
Debt Service	1,381,451	3,199,572	2,737,143	-	1,843,880	3,105,285	4,656,423	-	292,742
Retirement/Severance Bond Debt Service	323,611	633,369	621,220	-	335,760	622,529	927,884	-	30,405
Capital Projects	1,030,904	2,280,435	2,291,172	(321,098)	699,069	2,403,544	2,226,219	-	876,394
School Transportation	299,376	687,474	952,514	-	34,336	1,002,408	874,589	-	162,155
School Bus Replacement	162,067	278,579	-	-	440,646	250,009	544,044	-	146,611
Rainy Day	32,640	-	321,202	321,098	32,536	-	-	-	32,536
School Lunch	134,138	1,167,972	1,147,432	-	154,678	1,108,798	1,065,789	-	197,687
Textbook Rental	435,460	241,430	178,140	-	498,750	281,778	457,891	-	322,637
Levy Excess	1,482	-	-	-	1,482	-	-	-	1,482
Joint Services and Supply - Special Education Cooperative	441,500	136,198	243,405	-	334,293	136,555	36,112	-	434,736
Joint Services and Supply - Special Education Pre-school	143,176	-	-	-	143,176	-	-	-	143,176
Joint Services and Supply - Special Education Capital Project	34,666	-	-	-	34,666	-	-	-	34,666
Educational License Plates	4,874	94	-	-	4,968	93	-	-	5,061
Alternative Education	12,450	10,163	22,609	-	4	14,702	10,043	-	4,663
Early Intervention 2015-2016	-	13,200	-	-	13,200	7,985	12,973	-	8,212
North Adams Autism Award	950	3,880	3,648	-	1,182	-	-	-	1,182
Talent Initiative	5,114	-	1,745	-	3,369	-	2,492	-	877
North Adams School Fund Grant	623	1,680	7,188	-	(4,885)	21,933	16,390	-	658
Helen Haubold NA Music Fund	-	6,200	6,200	-	-	8,540	8,540	-	-
Healthy Families/Bellmont High School	19,812	11,800	4,502	-	27,110	13,355	5,350	-	35,115
Southeast Special Education	2,207	-	-	-	2,207	-	-	-	2,207
Welfare Activities	831	60	395	-	496	-	-	-	496
Miscellaneous Programs	5,182	-	-	-	5,182	-	-	-	5,182
North Adams Wellness Fund	-	1,846	951	-	895	1,830	802	-	1,923
New Venture Fund	-	12,000	12,000	-	-	-	165	-	(165)
High Ability Grant 2014-2015	5,063	-	5,063	-	-	-	-	-	-
High Ability 2015-2016	-	32,491	24,629	-	7,862	-	7,862	-	-
High Ability 2016-2017	-	-	-	-	-	32,254	17,504	-	14,750
Formative Assessment	-	9,165	-	-	9,165	21,491	34,040	-	(3,384)
Medicaid Reimbursement	109,193	39,154	1,131	-	147,216	107,225	35,149	-	219,292
Secured Schools Safety Grant	(41,150)	59,021	45,038	(41,150)	(27,167)	9,494	18,500	-	(36,173)
Artist in Education	268	1,092	1,147	-	213	-	-	-	213
Healthy Families 2013-2014	7,769	-	41	-	7,728	-	-	(7,728)	-
Healthy Families 2014-2015	17,837	81,278	55,856	-	43,259	-	-	(43,259)	-

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, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Healthy Families 2015-2016	-	238,488	255,646	-	(17,158)	82,764	77,842	12,236	-
Healthy Families 2016-2017	-	-	-	-	-	236,381	263,727	38,751	11,405
Non-English Speaking Programs	2,095	-	2,095	-	-	-	-	-	-
School Technology	67,041	42,275	6,106	-	103,210	30,220	1,958	-	131,472
Career and Technical Performance Grant	-	-	-	-	-	23,311	10,205	-	13,106
Title I 2014-2015	(23,075)	75,175	52,100	-	-	-	-	-	-
Title I 2015-2016	-	271,633	300,986	-	(29,353)	49,061	19,708	-	-
Title I 2016-2017	-	-	-	-	-	261,815	283,915	-	(22,100)
Special Education 2014-2015	(243,116)	870,773	626,082	-	1,575	-	-	(1,575)	-
Special Education 2015-2016	-	1,124,479	1,250,617	-	(126,138)	911,482	785,056	-	288
Special Education 2016-2017	-	-	-	-	-	900,220	1,047,823	-	(147,603)
Special Education 2013-2014	94,023	(94,892)	230	-	(1,099)	-	-	1,099	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	378	378	-	-	-	-	-	-
Special Education Pre-school Grant FY 2015	(5,993)	21,701	15,708	-	-	-	-	-	-
Special Education Pre-school Grant FY 2016	-	64,050	73,215	-	(9,165)	9,526	361	-	-
Special Education Pre-school Grant FY 2017	-	-	-	-	-	76,213	76,213	-	-
21st Century Learning Center 2014-2015	(210,715)	224,647	13,029	-	903	-	-	(903)	-
21st Century Learning Center 2015-2016	(39,127)	290,841	273,023	-	(21,309)	24,648	2,785	-	554
21st Century Learning Center 2016-2017	-	-	26,579	-	(26,579)	320,800	300,385	-	(6,164)
21st Century Learning Center 2017-2018	-	-	-	-	-	-	10,115	-	(10,115)
Title II, Part A 2012-2014	408	-	-	-	408	-	-	(408)	-
Title II, Part A 2013-2015	(264)	-	(227)	-	(37)	-	-	37	-
Title II, Part A 2014-2016	-	48,807	53,058	-	(4,251)	17,957	18,518	4,812	-
Title II, Part A 2015-2017	-	12,712	12,712	-	-	11,827	15,241	-	(3,414)
Title II, Part A 2016-2018	-	-	-	-	-	20,897	23,430	-	(2,533)
Title III 2014-2016	(3,862)	8,393	5,431	-	(900)	34	34	900	-
Perkins Grant 2014-2015	(22,964)	67,960	72,377	-	(27,381)	17,108	12,831	-	(23,104)
McKinney - Vento Education for Homeless	1,784	63,103	59,054	-	5,833	242	9,989	-	(3,914)
Clearing	151,113	3,921,557	3,923,491	-	149,179	3,736,219	3,680,476	-	204,922
Totals	\$ 5,254,221	\$ 28,128,155	\$ 27,223,488	\$ -	\$ 6,158,888	\$ 27,797,134	\$ 28,628,304	\$ 3,637	\$ 5,331,355

The notes to the financial statements 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, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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. Negative Receipt

The financial statement contains a receipt which appears as a negative entry. This is a result of the correction of an error from the prior period. The error made in the prior period was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt was shown in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants or from underestimation of current requirements. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

NORTH ADAMS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into a 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, 2016 and 2017, totaled \$3,055,490 and \$4,656,425, respectively.

Note 10. *Subsequent Events*

The North Adams Community Schools Renovation Building Corporation issued debt in the amount of \$8,935,000 in the fall of 2017. The School Corporation's annual lease payment in the amount of \$359,000 is to begin July 15, 2020. The North Adams Community Schools Renovation Building Corporation issued debt in the amount of \$24,620,000 February 27, 2018.

Note 11. *Other Postemployment Benefits*

The School Corporation does not provide postemployment benefits to retirees and their spouses. However, in its reorganization agreement, Adams Wells Special Services Cooperative (AWSSC) contracted with its employees to provide a retirement severance payment to each individual based upon their respective years of employment with AWSSC prior to the reorganization. As Local Educational Agency (LEA) of the reorganized cooperative, the School Corporation 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://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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, 2016

	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	\$ 915,379	\$ 1,381,451	\$ 323,611	\$ 1,030,904	\$ 299,376	\$ 162,067	\$ 32,640	\$ 134,138	\$ 435,460
Receipts:									
Local sources	193,793	3,199,572	633,369	2,280,435	685,255	278,579	-	1,069,762	170,909
Intermediate sources	18	-	-	-	-	-	-	-	-
State sources	11,773,913	-	-	-	-	-	-	-	70,101
Federal sources	-	-	-	-	-	-	-	98,210	-
Other	198	-	-	-	2,219	-	-	-	420
Total receipts	<u>11,967,922</u>	<u>3,199,572</u>	<u>633,369</u>	<u>2,280,435</u>	<u>687,474</u>	<u>278,579</u>	<u>-</u>	<u>1,167,972</u>	<u>241,430</u>
Disbursements:									
Current:									
Instruction	7,375,783	-	-	-	-	-	-	-	-
Support services	3,856,665	-	-	780,592	952,514	-	104	63,499	178,140
Noninstructional services	284,979	-	-	-	-	-	-	1,083,933	-
Facilities acquisition and construction	-	-	-	1,510,580	-	-	-	-	-
Debt service	-	2,737,143	621,220	-	-	-	321,098	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,517,427</u>	<u>2,737,143</u>	<u>621,220</u>	<u>2,291,172</u>	<u>952,514</u>	<u>-</u>	<u>321,202</u>	<u>1,147,432</u>	<u>178,140</u>
Excess (deficiency) of receipts over disbursements	<u>450,495</u>	<u>462,429</u>	<u>12,149</u>	<u>(10,737)</u>	<u>(265,040)</u>	<u>278,579</u>	<u>(321,202)</u>	<u>20,540</u>	<u>63,290</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	321,098	-	-
Transfers out	-	-	-	(321,098)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321,098)</u>	<u>-</u>	<u>-</u>	<u>321,098</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>450,495</u>	<u>462,429</u>	<u>12,149</u>	<u>(331,835)</u>	<u>(265,040)</u>	<u>278,579</u>	<u>(104)</u>	<u>20,540</u>	<u>63,290</u>
Cash and investments - ending	<u>\$ 1,365,874</u>	<u>\$ 1,843,880</u>	<u>\$ 335,760</u>	<u>\$ 699,069</u>	<u>\$ 34,336</u>	<u>\$ 440,646</u>	<u>\$ 32,536</u>	<u>\$ 154,678</u>	<u>\$ 498,750</u>

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	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	Educational License Plates	Alternative Education	Early Intervention 2015-2016	North Adams Autism Award
Cash and investments - beginning	\$ 1,482	\$ 441,500	\$ 143,176	\$ 34,666	\$ 4,874	\$ 12,450	\$ -	\$ 950
Receipts:								
Local sources	-	981	-	-	-	-	-	3,880
Intermediate sources	-	-	-	-	94	-	-	-
State sources	-	135,217	-	-	-	10,163	13,200	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	136,198	-	-	94	10,163	13,200	3,880
Disbursements:								
Current:								
Instruction	-	243,405	-	-	-	22,609	-	3,648
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	243,405	-	-	-	22,609	-	3,648
Excess (deficiency) of receipts over disbursements	-	(107,207)	-	-	94	(12,446)	13,200	232
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(107,207)	-	-	94	(12,446)	13,200	232
Cash and investments - ending	\$ 1,482	\$ 334,293	\$ 143,176	\$ 34,666	\$ 4,968	\$ 4	\$ 13,200	\$ 1,182

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, 2016

	Talent Initiative	North Adams School Fund Grant	Helen Haubold NA Music Fund	Healthy Families/ Belmont High School	Southeast Special Education	Welfare Activities	Miscellaneous Programs	North Adams Wellness Fund
Cash and investments - beginning	\$ 5,114	\$ 623	\$ -	\$ 19,812	\$ 2,207	\$ 831	\$ 5,182	\$ -
Receipts:								
Local sources	-	-	6,200	11,800	-	60	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	1,846
Federal sources	-	-	-	-	-	-	-	-
Other	-	1,680	-	-	-	-	-	-
Total receipts	-	1,680	6,200	11,800	-	60	-	1,846
Disbursements:								
Current:								
Instruction	-	-	6,200	-	-	395	-	-
Support services	1,745	7,188	-	4,502	-	-	-	951
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,745	7,188	6,200	4,502	-	395	-	951
Excess (deficiency) of receipts over disbursements	(1,745)	(5,508)	-	7,298	-	(335)	-	895
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,745)	(5,508)	-	7,298	-	(335)	-	895
Cash and investments - ending	\$ 3,369	\$ (4,885)	\$ -	\$ 27,110	\$ 2,207	\$ 496	\$ 5,182	\$ 895

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, 2016

	New Venture Fund	High Ability Grant 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Formative Assessment	Medicaid Reimbursement	Secured Schools Safety Grant	Artist in Education
Cash and investments - beginning	\$ -	\$ 5,063	\$ -	\$ -	\$ -	\$ 109,193	\$ (41,150)	\$ 268
Receipts:								
Local sources	-	-	-	-	-	-	-	1,092
Intermediate sources	-	-	-	-	-	-	-	-
State sources	12,000	-	32,491	-	9,165	14,263	59,021	-
Federal sources	-	-	-	-	-	24,891	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	12,000	-	32,491	-	9,165	39,154	59,021	1,092
Disbursements:								
Current:								
Instruction	-	5,063	24,629	-	-	-	-	-
Support services	12,000	-	-	-	-	1,131	45,038	-
Noninstructional services	-	-	-	-	-	-	-	1,147
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	12,000	5,063	24,629	-	-	1,131	45,038	1,147
Excess (deficiency) of receipts over disbursements	-	(5,063)	7,862	-	9,165	38,023	13,983	(55)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,063)	7,862	-	9,165	38,023	13,983	(55)
Cash and investments - ending	\$ -	\$ -	\$ 7,862	\$ -	\$ 9,165	\$ 147,216	\$ (27,167)	\$ 213

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, 2016

	Healthy Families 2013-2014	Healthy Families 2014-2015	Healthy Families 2015-2016	Healthy Families 2016-2017	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Title I 2014-2015
Cash and investments - beginning	\$ 7,769	\$ 17,837	\$ -	\$ -	\$ 2,095	\$ 67,041	\$ -	\$ (23,075)
Receipts:								
Local sources	-	-	-	-	-	38,455	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	81,278	238,488	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	75,175
Other	-	-	-	-	-	3,820	-	-
Total receipts	-	81,278	238,488	-	-	42,275	-	75,175
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	50,267
Support services	-	1,936	20,106	-	2,095	6,106	-	1,833
Noninstructional services	41	52,920	230,540	-	-	-	-	-
Facilities acquisition and construction	-	1,000	5,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	41	55,856	255,646	-	2,095	6,106	-	52,100
Excess (deficiency) of receipts over disbursements	(41)	25,422	(17,158)	-	(2,095)	36,169	-	23,075
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41)	25,422	(17,158)	-	(2,095)	36,169	-	23,075
Cash and investments - ending	\$ 7,728	\$ 43,259	\$ (17,158)	\$ -	\$ -	\$ 103,210	\$ -	\$ -

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, 2016

	Title I 2015-2016	Title I 2016-2017	Special Education 2014-2015	Special Education 2015-2016	Special Education 2016-2017	Special Education 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Pre-school Grant FY 2015
Cash and investments - beginning	\$ -	\$ -	\$ (243,116)	\$ -	\$ -	\$ 94,023	\$ -	\$ (5,993)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	271,633	-	870,773	1,124,479	-	(94,892)	378	21,701
Other	-	-	-	-	-	-	-	-
Total receipts	271,633	-	870,773	1,124,479	-	(94,892)	378	21,701
Disbursements:								
Current:								
Instruction	297,329	-	254,153	446,334	-	230	-	15,708
Support services	2,510	-	350,792	743,705	-	-	378	-
Noninstructional services	1,147	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	21,137	60,578	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	300,986	-	626,082	1,250,617	-	230	378	15,708
Excess (deficiency) of receipts over disbursements	(29,353)	-	244,691	(126,138)	-	(95,122)	-	5,993
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,353)	-	244,691	(126,138)	-	(95,122)	-	5,993
Cash and investments - ending	\$ (29,353)	\$ -	\$ 1,575	\$ (126,138)	\$ -	\$ (1,099)	\$ -	\$ -

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Special Education Pre-school Grant FY 2016	Special Education Pre-school Grant FY 2017	21st Century Learning Center 2014-2015	21st Century Learning Center 2015-2016	21st Century Learning Center 2016-2017	21st Century Learning Center 2017-2018	Title II, Part A 2012-2014	Title II, Part A 2013-2015
Cash and investments - beginning	\$ -	\$ -	\$ (210,715)	\$ (39,127)	\$ -	\$ -	\$ 408	\$ (264)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	64,050	-	224,647	290,841	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	64,050	-	224,647	290,841	-	-	-	-
Disbursements:								
Current:								
Instruction	73,215	-	-	-	13,001	-	-	-
Support services	-	-	13,000	272,662	13,578	-	-	(227)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	29	361	-	-	-	-
Total disbursements	73,215	-	13,029	273,023	26,579	-	-	(227)
Excess (deficiency) of receipts over disbursements	(9,165)	-	211,618	17,818	(26,579)	-	-	227
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,165)	-	211,618	17,818	(26,579)	-	-	227
Cash and investments - ending	\$ (9,165)	\$ -	\$ 903	\$ (21,309)	\$ (26,579)	\$ -	\$ 408	\$ (37)

NORTH ADAMS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Title II, Part A 2016-2018	Title III 2014-2016	Perkins Grant 2014-2015	McKinney - Vento Education for Homeless	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (3,862)	\$ (22,964)	\$ 1,784	\$ 151,113	\$ 5,254,221
Receipts:								
Local sources	-	-	-	-	-	-	-	8,574,142
Intermediate sources	-	-	-	-	-	-	-	112
State sources	-	-	-	-	-	-	-	12,451,146
Federal sources	48,807	12,712	-	8,393	67,960	63,103	-	3,172,861
Other	-	-	-	-	-	-	3,921,557	3,929,894
Total receipts	<u>48,807</u>	<u>12,712</u>	<u>-</u>	<u>8,393</u>	<u>67,960</u>	<u>63,103</u>	<u>3,921,557</u>	<u>28,128,155</u>
Disbursements:								
Current:								
Instruction	33,559	-	-	-	72,377	-	-	8,937,905
Support services	19,499	12,712	-	5,431	-	-	-	7,370,185
Noninstructional services	-	-	-	-	-	59,054	-	1,713,761
Facilities acquisition and construction	-	-	-	-	-	-	-	1,598,295
Debt service	-	-	-	-	-	-	-	3,679,461
Nonprogrammed charges	-	-	-	-	-	-	3,923,491	3,923,881
Total disbursements	<u>53,058</u>	<u>12,712</u>	<u>-</u>	<u>5,431</u>	<u>72,377</u>	<u>59,054</u>	<u>3,923,491</u>	<u>27,223,488</u>
Excess (deficiency) of receipts over disbursements	<u>(4,251)</u>	<u>-</u>	<u>-</u>	<u>2,962</u>	<u>(4,417)</u>	<u>4,049</u>	<u>(1,934)</u>	<u>904,667</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	321,098
Transfers out	-	-	-	-	-	-	-	(321,098)
Total other financing sources (uses)	<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>(4,251)</u>	<u>-</u>	<u>-</u>	<u>2,962</u>	<u>(4,417)</u>	<u>4,049</u>	<u>(1,934)</u>	<u>904,667</u>
Cash and investments - ending	\$ <u>(4,251)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(900)</u>	\$ <u>(27,381)</u>	\$ <u>5,833</u>	\$ <u>149,179</u>	\$ <u>6,158,888</u>

NORTH ADAMS COMMUNITY SCHOOLS
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 For the Year Ended June 30, 2017

	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	\$ 1,365,874	\$ 1,843,880	\$ 335,760	\$ 699,069	\$ 34,336	\$ 440,646	\$ 32,536	\$ 154,678	\$ 498,750
Receipts:									
Local sources	264,463	3,105,285	622,529	2,348,117	1,002,267	250,009	-	498,481	210,300
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,644,614	-	-	-	-	-	-	12,640	69,622
Federal sources	-	-	-	-	-	-	-	597,677	-
Other	7,524	-	-	55,427	141	-	-	-	1,856
Total receipts	11,916,601	3,105,285	622,529	2,403,544	1,002,408	250,009	-	1,108,798	281,778
Disbursements:									
Current:									
Instruction	6,961,872	-	-	-	-	-	-	-	-
Support services	3,761,734	-	-	697,433	874,589	544,044	-	74,648	457,891
Noninstructional services	291,900	-	-	-	-	-	-	991,141	-
Facilities acquisition and construction	13,425	-	-	1,528,786	-	-	-	-	-
Debt service	-	4,656,423	927,884	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,028,931	4,656,423	927,884	2,226,219	874,589	544,044	-	1,065,789	457,891
Excess (deficiency) of receipts over disbursements	887,670	(1,551,138)	(305,355)	177,325	127,819	(294,035)	-	43,009	(176,113)
Other financing sources (uses):									
Sale of capital assets	3,638	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(3,963)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(325)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	887,345	(1,551,138)	(305,355)	177,325	127,819	(294,035)	-	43,009	(176,113)
Cash and investments - ending	\$ 2,253,219	\$ 292,742	\$ 30,405	\$ 876,394	\$ 162,155	\$ 146,611	\$ 32,536	\$ 197,687	\$ 322,637

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, 2017

	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	Educational License Plates	Alternative Education	Early Intervention 2015-2016	North Adams Autism Award
Cash and investments - beginning	\$ 1,482	\$ 334,293	\$ 143,176	\$ 34,666	\$ 4,968	\$ 4	\$ 13,200	\$ 1,182
Receipts:								
Local sources	-	1,310	-	-	-	-	-	-
Intermediate sources	-	-	-	-	93	-	-	-
State sources	-	135,245	-	-	-	14,702	7,985	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	136,555	-	-	93	14,702	7,985	-
Disbursements:								
Current:								
Instruction	-	36,112	-	-	-	10,043	12,973	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	36,112	-	-	-	10,043	12,973	-
Excess (deficiency) of receipts over disbursements	-	100,443	-	-	93	4,659	(4,988)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	100,443	-	-	93	4,659	(4,988)	-
Cash and investments - ending	\$ 1,482	\$ 434,736	\$ 143,176	\$ 34,666	\$ 5,061	\$ 4,663	\$ 8,212	\$ 1,182

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, 2017

	Talent Initiative	North Adams School Fund Grant	Helen Haubold NA Music Fund	Healthy Families/ Belmont High School	Southeast Special Education	Welfare Activities	Miscellaneous Programs	North Adams Wellness Fund
Cash and investments - beginning	\$ 3,369	\$ (4,885)	\$ -	\$ 27,110	\$ 2,207	\$ 496	\$ 5,182	\$ 895
Receipts:								
Local sources	-	3,126	8,540	13,355	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	1,830
Federal sources	-	-	-	-	-	-	-	-
Other	-	18,807	-	-	-	-	-	-
Total receipts	-	21,933	8,540	13,355	-	-	-	1,830
Disbursements:								
Current:								
Instruction	-	-	8,540	-	-	-	-	-
Support services	2,492	16,390	-	5,350	-	-	-	802
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,492	16,390	8,540	5,350	-	-	-	802
Excess (deficiency) of receipts over disbursements	(2,492)	5,543	-	8,005	-	-	-	1,028
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,492)	5,543	-	8,005	-	-	-	1,028
Cash and investments - ending	\$ 877	\$ 658	\$ -	\$ 35,115	\$ 2,207	\$ 496	\$ 5,182	\$ 1,923

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, 2017

	New Venture Fund	High Ability Grant 2014-2015	High Ability 2015-2016	High Ability 2016-2017	Formative Assessment	Medicaid Reimbursement	Secured Schools Safety Grant	Artist in Education
Cash and investments - beginning	\$ -	\$ -	\$ 7,862	\$ -	\$ 9,165	\$ 147,216	\$ (27,167)	\$ 213
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	32,254	21,491	35,899	9,494	-
Federal sources	-	-	-	-	-	71,326	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	32,254	21,491	107,225	9,494	-
Disbursements:								
Current:								
Instruction	-	-	7,862	17,504	34,040	12,500	-	-
Support services	165	-	-	-	-	22,649	18,500	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	165	-	7,862	17,504	34,040	35,149	18,500	-
Excess (deficiency) of receipts over disbursements	(165)	-	(7,862)	14,750	(12,549)	72,076	(9,006)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(165)	-	(7,862)	14,750	(12,549)	72,076	(9,006)	-
Cash and investments - ending	\$ (165)	\$ -	\$ -	\$ 14,750	\$ (3,384)	\$ 219,292	\$ (36,173)	\$ 213

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, 2017

	Healthy Families 2013-2014	Healthy Families 2014-2015	Healthy Families 2015-2016	Healthy Families 2016-2017	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Title I 2014-2015
Cash and investments - beginning	\$ 7,728	\$ 43,259	\$ (17,158)	\$ -	\$ -	\$ 103,210	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	27,313	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	82,764	236,381	-	-	7,860	-
Federal sources	-	-	-	-	-	-	15,451	-
Other	-	-	-	-	-	2,907	-	-
Total receipts	-	-	82,764	236,381	-	30,220	23,311	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	10,205	-
Support services	-	-	12,284	9,722	-	1,958	-	-
Noninstructional services	-	-	64,558	249,005	-	-	-	-
Facilities acquisition and construction	-	-	1,000	5,000	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	77,842	263,727	-	1,958	10,205	-
Excess (deficiency) of receipts over disbursements	-	-	4,922	(27,346)	-	28,262	13,106	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	12,236	50,731	-	-	-	-
Transfers out	(7,728)	(43,259)	-	(11,980)	-	-	-	-
Total other financing sources (uses)	(7,728)	(43,259)	12,236	38,751	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,728)	(43,259)	17,158	11,405	-	28,262	13,106	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 11,405	\$ -	\$ 131,472	\$ 13,106	\$ -

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, 2017

	Title I 2015-2016	Title I 2016-2017	Special Education 2014-2015	Special Education 2015-2016	Special Education 2016-2017	Special Education 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education Pre-school Grant FY 2015
Cash and investments - beginning	\$ (29,353)	\$ -	\$ 1,575	\$ (126,138)	\$ -	\$ (1,099)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	49,061	261,815	-	911,482	900,220	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	49,061	261,815	-	911,482	900,220	-	-	-
Disbursements:								
Current:								
Instruction	19,708	275,226	-	303,345	405,480	-	-	-
Support services	-	2,131	-	448,578	611,938	-	-	-
Noninstructional services	-	6,558	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	33,133	30,405	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,708	283,915	-	785,056	1,047,823	-	-	-
Excess (deficiency) of receipts over disbursements	29,353	(22,100)	-	126,426	(147,603)	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,099	-	-
Transfers out	-	-	(1,575)	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,575)	-	-	1,099	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,353	(22,100)	(1,575)	126,426	(147,603)	1,099	-	-
Cash and investments - ending	\$ -	\$ (22,100)	\$ -	\$ 288	\$ (147,603)	\$ -	\$ -	\$ -

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, 2017

	Special Education Pre-school Grant FY 2016	Special Education Pre-school Grant FY 2017	21st Century Learning Center 2014-2015	21st Century Learning Center 2015-2016	21st Century Learning Center 2016-2017	21st Century Learning Center 2017-2018	Title II, Part A 2012-2014	Title II, Part A 2013-2015
Cash and investments - beginning	\$ (9,165)	\$ -	\$ 903	\$ (21,309)	\$ (26,579)	\$ -	\$ 408	\$ (37)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	9,526	76,213	-	24,648	320,800	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	9,526	76,213	-	24,648	320,800	-	-	-
Disbursements:								
Current:								
Instruction	361	76,213	-	-	17,545	5,055	-	-
Support services	-	-	-	2,785	282,840	5,060	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	361	76,213	-	2,785	300,385	10,115	-	-
Excess (deficiency) of receipts over disbursements	9,165	-	-	21,863	20,415	(10,115)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	37
Transfers out	-	-	(903)	-	-	-	(408)	-
Total other financing sources (uses)	-	-	(903)	-	-	-	(408)	37
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,165	-	(903)	21,863	20,415	(10,115)	(408)	37
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 554	\$ (6,164)	\$ (10,115)	\$ -	\$ -

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, 2017

	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Title II, Part A 2016-2018	Title III 2014-2016	Perkins Grant 2014-2015	McKinney - Vento Education for Homeless	Clearing	Totals
Cash and investments - beginning	\$ (4,251)	\$ -	\$ -	\$ (900)	\$ (27,381)	\$ 5,833	\$ 149,179	\$ 6,158,888
Receipts:								
Local sources	-	-	-	-	-	-	-	8,355,095
Intermediate sources	-	-	-	-	-	-	-	93
State sources	-	-	-	-	-	-	-	12,312,781
Federal sources	17,957	11,827	20,897	34	17,108	242	-	3,306,284
Other	-	-	-	-	-	-	3,736,219	3,822,881
Total receipts	17,957	11,827	20,897	34	17,108	242	3,736,219	27,797,134
Disbursements:								
Current:								
Instruction	11,261	3,810	21,985	-	12,831	-	-	8,264,471
Support services	7,257	11,431	1,445	34	-	-	-	7,874,150
Noninstructional services	-	-	-	-	-	9,989	-	1,613,151
Facilities acquisition and construction	-	-	-	-	-	-	-	1,611,749
Debt service	-	-	-	-	-	-	-	5,584,307
Nonprogrammed charges	-	-	-	-	-	-	3,680,476	3,680,476
Total disbursements	18,518	15,241	23,430	34	12,831	9,989	3,680,476	28,628,304
Excess (deficiency) of receipts over disbursements	(561)	(3,414)	(2,533)	-	4,277	(9,747)	55,743	(831,170)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	3,638
Transfers in	4,812	-	-	900	-	-	-	69,815
Transfers out	-	-	-	-	-	-	-	(69,816)
Total other financing sources (uses)	4,812	-	-	900	-	-	-	3,637
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,251	(3,414)	(2,533)	900	4,277	(9,747)	55,743	(827,533)
Cash and investments - ending	\$ -	\$ (3,414)	\$ (2,533)	\$ -	\$ (23,104)	\$ (3,914)	\$ 204,922	\$ 5,331,355

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NORTH ADAMS COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	iPads & iPad Management	\$ 87,293	6/15/2015	6/15/2018
DeLage Landen Public Finance	Sharp Copy Machines	11,748	9/1/2016	9/1/2021
DeLage Landen Public Finance	Sharp Copy Machines	31,980	10/1/2012	10/1/2017
DeLage Landen Public Finance	Sharp Copy Machines	26,328	7/1/2013	7/1/2018
NACS Renovation Bldg Corp	Lease high school building	2,490,000	3/10/2000	1/5/2020
NACS Renovation Bldg Corp	Lease Elementary and BHS Science Wing	643,500	6/30/2015	1/15/2022
US Bank Equipment Finance	Lexmark Printers	<u>22,954</u>	7/1/2013	7/1/2018
Total of annual lease payments		<u>\$ 3,313,803</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Pension Retirement 2014	<u>\$ 317,971</u>
		<u>\$ 3,770,000</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the North Adams Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015 to June 30, 2017.

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 the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003. 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 the Uniform Guidance, 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 a material weakness and significant deficiency.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003 to be a significant deficiency.

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

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 1, 2018

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, 2016 and 2017

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	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 15-16	\$ -	\$ 149,742	\$ -	\$ -
			FY 16-17	-	-	-	149,801
Total - School Breakfast Program				-	149,742	-	149,801
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
			FY 15-16	-	482,988	-	-
			FY 16-17	-	-	-	478,706
School Snack			FY 15-16	-	10,702	-	-
			FY 16-17	-	-	-	8,752
National School Lunch Program - Commodities			FY 15-16	-	74,942	-	-
			FY 16-17	-	-	-	97,681
Total - National School Lunch Program				-	568,632	-	585,139
Summer Food Service Program for Children							
	Indiana Department of Education	10.559					
			FY 15-16	-	22,914	-	-
			FY 16-17	-	-	-	17,275
Total - Summer Food Service Program for Children				-	22,914	-	17,275
Total - Child Nutrition Cluster				-	741,288	-	752,215
Total - Department of Agriculture				-	741,288	-	752,215
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
	Indiana Department of Education	84.027					
			14214-001-PN01	-	192,758	-	-
			14215-001-PN01	-	223	-	-
			14216-001-PN01	-	283,059	-	229,370
			14217-001-PN01	-	-	-	223,869
			99914-001-TA01	-	96	-	-
Total - Special Education Grants to States				-	476,136	-	453,239
Special Education Preschool Grants							
	Indiana Department of Education	84.173					
			45715-001-PN01	-	6,878	-	-
			45716-001-PN01	-	20,339	-	3,025
			45717-001-PN01	-	-	-	23,932
Total - Special Education Preschool Grants				-	27,217	-	26,957
Total - Special Education Cluster (IDEA)				-	503,353	-	480,196
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
			14-0025	-	115,610	-	-
			15-0025	-	231,198	-	100,226
			16-0025	-	-	-	210,650
Total - Title I Grants to Local Educational Agencies				-	346,808	-	310,876

NORTH ADAMS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
School Safety National Activities	Direct Grant	84.184	16-0025	-	17,870	-	-
Total - School Safety National Activities				-	17,870	-	-
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	13-0025	-	224,647	-	-
			14-0025	-	287,501	-	24,648
			15-0025	-	-	-	319,501
Total - Twenty-First Century Community Learning Centers				-	512,148	-	344,149
English Language Acquisition State Grants	Indiana Department of Education	84.365	14-0025	-	8,293	-	34
Total - English Language Acquisition State Grants				-	8,293	-	34
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	14-0025	-	48,807	-	17,957
			15-0025	-	12,712	-	11,827
			16-0025	-	-	-	20,897
Total - Supporting Effective Instruction State Grants				-	61,519	-	50,681
Education for Homeless Children and Youth	Indiana Department of Education	84.196	14-0025	-	33,344	-	-
			15-0025	-	29,758	-	242
Total - Education for Homeless Children and Youth				-	63,102	-	242
Career and Technical Education -- Basic Grants to States	Bluffton Harrison MSD	84.048	16-0025	-	70,610	-	-
			17-0025	-	-	-	17,108
Total - Career and Technical Education -- Basic Grants to States				-	70,610	-	17,108
Total - Department of Education				-	1,583,703	-	1,203,286
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778	FY 15-16	-	39,155	-	-
			FY 16-17	-	-	-	107,225
Total - Medicaid Cluster				-	39,155	-	107,225
Total - Department of Health and Human Services				-	39,155	-	107,225
Total federal awards expended				\$ -	\$ 2,364,146	\$ -	\$ 2,062,726

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 under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Adams Wells Special Services Cooperative (AWSSC)

The School Corporation is a member of the Adams Wells Special Services Cooperative and serves as the Fiscal Agent for it. As a result, some activity for the Special Education Cluster (IDEA) 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 weakness identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.287	Twenty-First Century Community Learning Centers	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior finding number was 2015-001.

Condition

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). Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA occurred.

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

Context

In total, the Schedule of Expenditures of Federal Awards was understated by \$1,570,075 for fiscal year 2015-2016 and \$791,754 for fiscal year 2016-2017. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

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

- (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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking and Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-001-PN01, 14215-001-PN01,
14216-001-PN01, 14217-001-PN01,
99914-001-TA01, 45715-001-PN01,
45716-001-PN01, 45717-001-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Finding: Material Weakness

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

Condition

The School Corporation was a member of the Adams-Wells Special Services Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grants. There was no oversight of the Cooperative by the School Corporation. Since the grant agreements are between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative, each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Matching, Level of Effort, Earmarking and Reporting compliance requirements.

Context

The Cooperative's internal control was that the reports were to be reviewed by the Cooperative's Director prior to submission to the IDOE. The Quarterly Proportionate Share Monitoring Reports for Non-Public Schools presented for audit were not the original reviewed and signed reports. Also, some reports presented were incomplete. Per inquiry of School Corporation's officials, there was no oversight at the School Corporation over the filing of required reports submitted to the IDOE.

The reported proportionate share expenditures could not be verified on the Quarterly Proportionate Share Monitoring Reports for Non-Public Schools presented for the audit. Per inquiry of the Director of the Cooperative, the reported expenditures were calculated by multiplying the applicable monthly reimbursed expenditures by the nonpublic school usage percentage, which was calculated based on a time study conducted annually by the Cooperative's Director. We requested a copy of the time study; however, it was not available for audit.

The lack of controls was a systemic problem, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not designed or implemented a system of internal control for the Matching, Level of Effort, Earmarking and Reporting compliance requirements.

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with grant agreement and the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporations' management establish controls related to the Matching, Level of Effort, Earmarking and Reporting compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-003

Subject: Twenty-First Century Community Learning Centers - Reporting
Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): 13-0025, 14-0025, 15-0025
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Significant Deficiency, Other Matters

Condition

The internal control system in place at the School Corporation was not effective to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Due in part to an isolated communication situation with the pass-through entity, the School Corporation did not file an Annual Final Expenditure Report for the 2016-2017 grant year.

Context

The internal control issue was an isolated instance that enabled noncompliance with the Reporting compliance requirement for the second year of the audit period.

Criteria

2 CFR 200.303 states in part:

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

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management of the School Corporation had not developed an effective internal control system in order to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management implement additional controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2015-001

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty

Contact Phone number: 260-724-7146

Description of Corrective Action Plan:

1. Lack of Internal Controls - Additional verification of data by someone other than preparer will be added to the SEFA reporting process.

Status of Audit Finding:

The Deputy Treasurer is the preparer of the SEFA and other Annual Financial Report data. The district will involve both the Treasurer and the Director of Learning to verify completeness and accuracy of information before submission.

Finding 2015-002

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty

Contact Phone number: 260-724-7146

Description of Corrective Action Plan:

1. Lack of Segregation of Duties – The district will establish segregation of duties by dividing responsibilities among multiple positions, assigning receipt of cash to receptionists while maintaining posting of receipts with district deputy treasurer. Receipts will be reviewed monthly by Treasurer and will be approved by School Board.

Status of Audit Finding:

Segregation of duties was put into place. Deposits and bank reconciliations now have at least two people involved in the process prior to Board approval.

Finding 2015-003

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty

Contact Phone number: 260-724-7146

Description of Corrective Action Plan:

1. Lack of Internal Controls – The district will establish internal controls to ensure the segregation of duties to assure oversight related to compliance regarding Cash

Brent Lehman – Superintendent

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Management, Eligibility, Program Income, and Special Tests and Provisions – Verification of Free and Reduced Price Applications, respectively.

Status of Audit Finding:

1. Cash Management – Carrying funds have been set up to separate monies received for the purchase of meals from revenue used to purchase food supplies. A limit will be set on the account balance to ensure that it remains less than or equal to the average expenditure for three months operating expenses. Vouchers for payment are being reviewed by a second person prior to their submittal to Central Office for payment.
2. Eligibility – Controls have been established to ensure information being entered for student eligibility for free and reduced price meals is correct.
3. Program Income – Meal prices approved by the School Board are entered into the Food Services meal payment program. Review of entered prices by Food Services Assistant Director assures consistency of the price charged at each school.
4. Special Tests and Provisions – Verification of Free and Reduced Applications – The Food Services Director performs verifications of a sample of free and reduced price meal applications each semester. A control has been established for a second party to review those verifications to determine that they are correctly performed.

Finding 2015-004

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty

Contact Phone number: 260-724-7146

Description of Corrective Action Plan:

1. Lack of Controls including Segregation of Duties – The district will establish internal controls including segregation of duties to ensure compliance with the grant agreement and Reporting compliance requirements.

Status of Audit Finding:

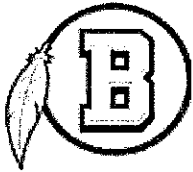
1. Qualification of Classification – Controls have been established to verify reimbursement rates by comparison of reimbursement claims with qualified rates.
2. Financial Reporting – The Food Services Director prepares and submits financial reports to IDOE. Controls consisting of review by Deputy Treasurer have been established to assure accuracy of the submittal.
3. Recordkeeping Summary – The Food Services Director keeps records of approved and denied applications for free and reduced price lunches.

Finding 2015-005

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty

Contact Phone number: 260-724-7146



Description of Corrective Action Plan:

1. Lack of Internal Controls for Paid Lunch Equity – The district has established controls to assure compliance with Paid Lunch Equity requirements.

Status of Audit Finding:

1. Calculation procedures – The Food Services Director calculates the weighted-average price for School Corporation revenue. School Board reviews and approves those figures to assure that calculations are correct.
2. Recordkeeping – The Food Services Director maintains records regarding number of paid meals, paid lunch prices and number of free and reduced price meals. Controls have been established to assure that records are complete and accurate.

Finding 2015-006

Fiscal years in which the finding initially occurred: July 1, 2013 – June 30, 2015

Contact person responsible for Corrective Action: Larry Carty


Contact Phone number: 260-724-7146

Description of Corrective Action Plan:

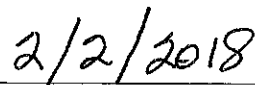
1. Lack of Internal Controls including Segregation of Duties – The district has established controls wherein duties are segregated to ensure compliance with the grant agreement and with the Reporting and Cash Management requirements, respectively.

Status of Audit Finding:

Segregation of duties have been put in place. The Deputy Treasurer generates an expenditure report on a monthly basis. The Director of Learning requests the reimbursement from the State. The Deputy Treasurer approves the request, and the Director of Learning submits it. Upon receipt of the reimbursement, the Deputy Treasurer posts the revenue to the fund.



Larry G. Carty
Treasurer
North Adams Community Schools



Date



North Adams Community Schools

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CORRECTIVE ACTION PLAN

Report Period: July 1, 2015 – June 30, 2016

July 1, 2016 – June 30, 2017

FINDING 2017-001

Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Deputy Treasurer Beth Quinn
Contact Phone Number: 260-724-7146

We concur with the finding.

Description of Corrective Action Plan:

1. To assure that all Federal grant-funded programs are included in the Schedule of Expenditures of Federal Awards (SEFA), review of the grant schedule from the Gateway Annual Performance Report will be done by the Deputy Treasurer each year prior to initiating the SEFA.
2. The Biannual Financial Report, Descriptive Listing by Fund and Account will be used by the Deputy Treasurer to verify amounts of revenue and expenditure, respectively, for each Federal grant.
3. The school corporation Treasurer will review and approve the grant listing and the financial data in the SEFA prior to its submittal.

Anticipated Completion Date:

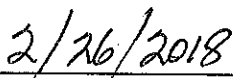
August 2018.



(Signature)



(Title)



(Date)



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CORRECTIVE ACTION PLAN

FINDING 2017-002

Special Education Cluster (IDEA) – Matching, Level of Effort, Earmarking and Reporting

Contact Person Responsible for Corrective Action: Deputy Treasurer Beth Quinn
Contact Phone Number: 260-724-7146


We concur with the finding.

Description of Corrective Action Plan:


1. Proportionate Share quarterly reports are prepared by the Special Education Director and are shared with each of the six (6) school corporation business managers. The reports are signed by each of the business managers, signed by the director of Special Education at the Cooperative and then sent to IDOE following quarterly deadlines.
2. Reimbursement reports are prepared by the Special Education Office Manager, and then signed by the Office Manager and the Special Education Director. The reports are sent to all six (6) school corporation superintendents on a monthly basis. The reimbursement reports are sent by the Special Education Cooperative to IDOE for reimbursement to the LEA.
3. Expenditure reports are prepared monthly by the LEA Deputy Treasurer and sent to the Cooperative Office Manager and to the Special Education Director. Both the office manager and the director review the expenditure report and initial each page. The report is then sent to each business manager within the six (6) school corporations.
4. The Special Education Cooperative Office Manager prepares each expense claim for payment. Each claim is reviewed and signed by the Office Manager and by the Special Education Director prior to being submitted to the LEA for payment.
5. For the 2019 611 and 619 Federal Grants, proportionate share dollars will be budgeted and spent in a manner that is more straightforward and easier to track.

Anticipated Completion Date:

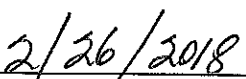
The corrective actions were implemented the last quarter of 2017.



(Signature)



(Title)



(Date)

Brent Lehman – Superintendent
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CORRECTIVE ACTION PLAN

FINDING 2017-003

Twenty-First Century Community Learning Centers - Reporting

Contact Person Responsible for Corrective Action: Dr. Olivia V. Valencic-Miller
Contact Phone Number: (260) 728-3302

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

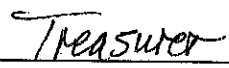
The corrective action plan includes creating a year-long calendar to ensure that the required dates are not missed as well as putting the dates on our Central Office calendar (within Microsoft Outlook). These dates will be shared with Beth Quinn (Deputy Treasurer) who receives them in a Word document form (handout provided from our 21st CCLC specialist).

Although we cannot go back and replicate the document that was not completed mid-year 2016-17, we believe that this double accountability in both a wall calendar and online, as well the electronic sharing with the deputy treasurer (the one who actually completes the forms), will correct this finding.

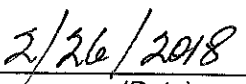
Anticipated Completion Date: July, 2018



(Signature)



(Title)



(Date)

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/>.