

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ADAMS CENTRAL COMMUNITY SCHOOLS
ADAMS COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn M. Cook	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Lori M. Stiglitz (Vacant) Joel D. Mahaffey	07-01-16 to 11-14-17 11-15-17 to 06-03-18 06-04-18 to 06-30-19
President of the School Board	John D. Sipe Timothy R. Tobias Ben Liechty	01-01-16 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Adams Central Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2019, 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

February 11, 2019



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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 ADAMS CENTRAL 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 Adams Central Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 11, 2019, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 11, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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ADAMS CENTRAL COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 1,684,885	\$ 7,814,708	\$ 7,178,593	\$ -	\$ 2,321,000	\$ 8,043,573	\$ 7,297,711	\$ (200,000)	\$ 2,866,862
Debt Service	721,381	1,065,431	1,427,710	-	359,102	1,682,606	1,318,167	-	723,541
Capital Projects	526,166	1,133,900	1,184,324	-	475,742	1,136,168	1,001,401	-	610,509
School Transportation	194,807	800,839	642,067	-	353,579	818,371	694,009	-	477,941
School Bus Replacement	120,215	220,090	370,253	-	(29,948)	224,850	148,392	-	46,510
Rainy Day	1,099,574	-	26,441	-	1,073,133	-	237,979	200,000	1,035,154
2017 Construction	-	-	-	-	-	4,724,487	4,724,487	-	-
School Lunch	260,855	547,963	560,594	-	248,224	636,493	537,583	-	347,134
Textbook Rental	132,741	104,035	36,946	-	199,830	127,318	132,012	-	195,136
Self-Insurance	81,578	49,116	6,046	-	124,648	46,235	4,718	-	166,165
Levy Excess	579	-	-	-	579	-	-	-	579
Child Care Program	20,060	71,169	74,609	-	16,620	76,734	75,790	-	17,564
Early Intervention Grant	-	6,704	1,092	-	5,612	6,386	8,967	-	3,031
Scholarships and Awards	1,483	44	-	-	1,527	-	-	-	1,527
G.O. Bond	1,207,858	-	281,442	-	926,416	-	324,234	-	602,182
AWS Foundation Grant	-	-	-	-	-	50,000	41,999	-	8,001
Formative Assessment	-	14,074	9,113	-	4,961	12,899	17,860	-	-
Special Education Excess Costs	-	15,681	-	-	15,681	12,948	-	-	28,629
High Ability 2011-12	7,210	30,317	31,733	-	5,794	30,366	37,807	-	(1,647)
Secured Schools Safety Grant	(33,857)	71,922	26,463	-	11,602	27,660	41,026	-	(1,764)
Non-English Speaking Programs	1,847	7,475	7,585	-	1,737	8,750	9,032	-	1,455
School Technology	2,244	10,628	8,724	-	4,148	14,250	12,068	-	6,330
Career and Technical Performance Grant	-	10,160	1,500	-	8,660	13,011	8,618	-	13,053
Senator David Ford Technology	-	-	-	-	-	-	3,287	-	(3,287)
Project Lead the Way	(5,074)	11,550	13,200	-	(6,724)	10,386	3,662	-	-
Centurylink Clarke M. Williams	-	-	-	-	-	4,998	3,847	-	1,151
SAAC SAP	513	1,427	92	-	1,848	20	100	-	1,768
Title I 2014-15	(70,137)	844,368	832,065	-	(57,834)	708,320	693,916	-	(43,430)
Area 18 Vocational/Perkins	-	16,307	16,307	-	-	16,626	17,035	-	(409)
Improving Teacher Quality, No Child Left, Title II, Part A	(4,240)	52,999	53,085	-	(4,326)	59,447	59,111	-	(3,990)
Rural Schools and Low Income Program - Pass Through State	(15,583)	21,737	10,793	-	(4,639)	34,347	30,233	-	(525)
Title III - English Proficiency Migrant	(2,570)	3,254	4,636	-	(3,952)	7,232	5,615	-	(2,335)
Qualified School Construction Bond	98,784	468,544	466,784	-	100,544	469,048	466,784	-	102,808
Clearing	57,919	2,206,409	2,190,616	-	73,712	2,283,171	2,255,726	-	101,157
Totals	\$ 6,089,238	\$ 15,600,851	\$ 15,462,813	\$ -	\$ 6,227,276	\$ 21,286,700	\$ 20,213,176	\$ -	\$ 7,300,800

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

ADAMS CENTRAL 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.

ADAMS CENTRAL 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:

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.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

ADAMS CENTRAL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Adams Central Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$1,373,050 and \$1,530,050, respectively.

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.

ADAMS CENTRAL 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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2017 Construction
Cash and investments - beginning	\$ 1,684,885	\$ 721,381	\$ 526,166	\$ 194,807	\$ 120,215	\$ 1,099,574	\$ -
Receipts:							
Local sources	92,455	1,065,431	1,133,900	800,839	220,090	-	-
Intermediate sources	162	-	-	-	-	-	-
State sources	7,711,370	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	10,721	-	-	-	-	-	-
Total receipts	7,814,708	1,065,431	1,133,900	800,839	220,090	-	-
Disbursements:							
Instruction	4,986,573	-	-	-	-	25,588	-
Support services	1,848,290	-	655,669	642,067	370,253	853	-
Noninstructional services	191,174	-	-	-	-	-	-
Facilities acquisition and construction	152,556	-	528,655	-	-	-	-
Debt service	-	1,427,710	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,178,593	1,427,710	1,184,324	642,067	370,253	26,441	-
Excess (deficiency) of receipts over disbursements	636,115	(362,279)	(50,424)	158,772	(150,163)	(26,441)	-
Cash and investments - ending	\$ 2,321,000	\$ 359,102	\$ 475,742	\$ 353,579	\$ (29,948)	\$ 1,073,133	\$ -

ADAMS CENTRAL 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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Child Care Program	Early Intervention Grant	Scholarships and Awards
Cash and investments - beginning	\$ 260,855	\$ 132,741	\$ 81,578	\$ 579	\$ 20,060	\$ -	\$ 1,483
Receipts:							
Local sources	357,204	79,059	49,116	-	71,169	-	44
Intermediate sources	-	-	-	-	-	-	-
State sources	10,462	24,976	-	-	-	6,704	-
Federal sources	180,297	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	547,963	104,035	49,116	-	71,169	6,704	44
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	39,000	36,946	6,046	-	-	1,092	-
Noninstructional services	493,201	-	-	-	74,609	-	-
Facilities acquisition and construction	28,393	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	560,594	36,946	6,046	-	74,609	1,092	-
Excess (deficiency) of receipts over disbursements	(12,631)	67,089	43,070	-	(3,440)	5,612	44
Cash and investments - ending	\$ 248,224	\$ 199,830	\$ 124,648	\$ 579	\$ 16,620	\$ 5,612	\$ 1,527

ADAMS CENTRAL 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

	G.O. Bond	AWS Foundation Grant	Formative Assessment	Special Education Excess Costs	High Ability 2011-12	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 1,207,858	\$ -	\$ -	\$ -	\$ 7,210	\$ (33,857)	\$ 1,847
Receipts:							
Local sources	-	-	-	15,681	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	14,074	-	30,317	71,922	7,475
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	14,074	15,681	30,317	71,922	7,475
Disbursements:							
Instruction	-	-	3,888	-	31,733	-	7,585
Support services	15,468	-	-	-	-	26,463	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	265,974	-	5,225	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	281,442	-	9,113	-	31,733	26,463	7,585
Excess (deficiency) of receipts over disbursements	(281,442)	-	4,961	15,681	(1,416)	45,459	(110)
Cash and investments - ending	\$ 926,416	\$ -	\$ 4,961	\$ 15,681	\$ 5,794	\$ 11,602	\$ 1,737

ADAMS CENTRAL 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

	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Project Lead the Way	Centurylink Clarke M. Williams	SAAC SAP	Title I 2014-15
Cash and investments - beginning	\$ 2,244	\$ -	\$ -	\$ (5,074)	\$ -	\$ 513	\$ (70,137)
Receipts:							
Local sources	-	-	-	-	-	1,427	-
Intermediate sources	-	-	-	-	-	-	-
State sources	10,628	-	-	-	-	-	-
Federal sources	-	10,160	-	11,550	-	-	844,368
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>10,628</u>	<u>10,160</u>	<u>-</u>	<u>11,550</u>	<u>-</u>	<u>1,427</u>	<u>844,368</u>
Disbursements:							
Instruction	-	1,500	-	13,200	-	92	704,670
Support services	8,724	-	-	-	-	-	113,956
Noninstructional services	-	-	-	-	-	-	13,439
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>8,724</u>	<u>1,500</u>	<u>-</u>	<u>13,200</u>	<u>-</u>	<u>92</u>	<u>832,065</u>
Excess (deficiency) of receipts over disbursements	<u>1,904</u>	<u>8,660</u>	<u>-</u>	<u>(1,650)</u>	<u>-</u>	<u>1,335</u>	<u>12,303</u>
Cash and investments - ending	<u>\$ 4,148</u>	<u>\$ 8,660</u>	<u>\$ -</u>	<u>\$ (6,724)</u>	<u>\$ -</u>	<u>\$ 1,848</u>	<u>\$ (57,834)</u>

ADAMS CENTRAL 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

	Area 18 Vocational/ Perkins	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Qualified School Construction Bond	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (4,240)	\$ (15,583)	\$ (2,570)	\$ 98,784	\$ 57,919	\$ 6,089,238
Receipts:							
Local sources	-	-	-	-	-	-	3,886,415
Intermediate sources	-	-	-	-	-	-	162
State sources	-	-	-	-	-	-	7,887,928
Federal sources	16,307	52,999	21,737	3,254	468,544	-	1,609,216
Other receipts	-	-	-	-	-	2,206,409	2,217,130
Total receipts	16,307	52,999	21,737	3,254	468,544	2,206,409	15,600,851
Disbursements:							
Instruction	16,307	51,857	-	4,636	-	-	5,847,629
Support services	-	1,228	10,793	-	-	-	3,776,848
Noninstructional services	-	-	-	-	-	-	772,423
Facilities acquisition and construction	-	-	-	-	-	-	980,803
Debt service	-	-	-	-	466,784	-	1,894,494
Nonprogrammed charges	-	-	-	-	-	2,190,616	2,190,616
Total disbursements	16,307	53,085	10,793	4,636	466,784	2,190,616	15,462,813
Excess (deficiency) of receipts over disbursements	-	(86)	10,944	(1,382)	1,760	15,793	138,038
Cash and investments - ending	\$ -	\$ (4,326)	\$ (4,639)	\$ (3,952)	\$ 100,544	\$ 73,712	\$ 6,227,276

ADAMS CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2017 Construction
Cash and investments - beginning	\$ 2,321,000	\$ 359,102	\$ 475,742	\$ 353,579	\$ (29,948)	\$ 1,073,133	\$ -
Receipts:							
Local sources	147,333	1,682,606	1,134,947	818,371	224,850	-	4,724,487
Intermediate sources	109	-	-	-	-	-	-
State sources	7,894,600	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	1,531	-	1,221	-	-	-	-
Total receipts	8,043,573	1,682,606	1,136,168	818,371	224,850	-	4,724,487
Disbursements:							
Instruction	4,990,797	-	-	-	-	67,832	-
Support services	1,979,356	-	704,284	670,532	148,392	170,147	-
Noninstructional services	193,990	-	-	-	-	-	-
Facilities acquisition and construction	133,568	-	297,117	23,477	-	-	4,724,487
Debt service	-	1,318,167	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,297,711	1,318,167	1,001,401	694,009	148,392	237,979	4,724,487
Excess (deficiency) of receipts over disbursements	745,862	364,439	134,767	124,362	76,458	(237,979)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	200,000	-
Transfers out	(200,000)	-	-	-	-	-	-
Total other financing sources (uses)	(200,000)	-	-	-	-	200,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	545,862	364,439	134,767	124,362	76,458	(37,979)	-
Cash and investments - ending	\$ 2,866,862	\$ 723,541	\$ 610,509	\$ 477,941	\$ 46,510	\$ 1,035,154	\$ -

ADAMS CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Child Care Program	Early Intervention Grant	Scholarships and Awards
Cash and investments - beginning	\$ 248,224	\$ 199,830	\$ 124,648	\$ 579	\$ 16,620	\$ 5,612	\$ 1,527
Receipts:							
Local sources	355,644	101,663	46,235	-	76,734	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	10,801	25,655	-	-	-	6,386	-
Federal sources	178,455	-	-	-	-	-	-
Other receipts	91,593	-	-	-	-	-	-
Total receipts	636,493	127,318	46,235	-	76,734	6,386	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	23,207	132,012	4,718	-	-	8,967	-
Noninstructional services	513,036	-	-	-	75,790	-	-
Facilities acquisition and construction	1,340	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	537,583	132,012	4,718	-	75,790	8,967	-
Excess (deficiency) of receipts over disbursements	98,910	(4,694)	41,517	-	944	(2,581)	-
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	98,910	(4,694)	41,517	-	944	(2,581)	-
Cash and investments - ending	\$ 347,134	\$ 195,136	\$ 166,165	\$ 579	\$ 17,564	\$ 3,031	\$ 1,527

ADAMS CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	G.O. Bond	AWS Foundation Grant	Formative Assessment	Special Education Excess Costs	High Ability 2011-12	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 926,416	\$ -	\$ 4,961	\$ 15,681	\$ 5,794	\$ 11,602	\$ 1,737
Receipts:							
Local sources	-	-	-	12,948	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	50,000	12,899	-	30,366	27,660	8,750
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	50,000	12,899	12,948	30,366	27,660	8,750
Disbursements:							
Instruction	-	-	4,961	-	37,807	-	9,032
Support services	672	25,299	-	-	-	41,026	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	323,562	16,700	12,899	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	324,234	41,999	17,860	-	37,807	41,026	9,032
Excess (deficiency) of receipts over disbursements	(324,234)	8,001	(4,961)	12,948	(7,441)	(13,366)	(282)
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	(324,234)	8,001	(4,961)	12,948	(7,441)	(13,366)	(282)
Cash and investments - ending	\$ 602,182	\$ 8,001	\$ -	\$ 28,629	\$ (1,647)	\$ (1,764)	\$ 1,455

ADAMS CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Project Lead the Way	Centurylink Clarke M. Williams	SAAC SAP	Title I 2014-15
Cash and investments - beginning	\$ 4,148	\$ 8,660	\$ -	\$ (6,724)	\$ -	\$ 1,848	\$ (57,834)
Receipts:							
Local sources	-	-	-	-	-	20	-
Intermediate sources	-	-	-	-	-	-	-
State sources	14,250	-	-	-	4,998	-	-
Federal sources	-	13,011	-	10,386	-	-	708,320
Other receipts	-	-	-	-	-	-	-
Total receipts	14,250	13,011	-	10,386	4,998	20	708,320
Disbursements:							
Instruction	-	8,618	3,125	3,662	-	100	589,841
Support services	12,068	-	162	-	-	-	89,754
Noninstructional services	-	-	-	-	-	-	14,321
Facilities acquisition and construction	-	-	-	-	3,847	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	12,068	8,618	3,287	3,662	3,847	100	693,916
Excess (deficiency) of receipts over disbursements	2,182	4,393	(3,287)	6,724	1,151	(80)	14,404
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	2,182	4,393	(3,287)	6,724	1,151	(80)	14,404
Cash and investments - ending	\$ 6,330	\$ 13,053	\$ (3,287)	\$ -	\$ 1,151	\$ 1,768	\$ (43,430)

ADAMS CENTRAL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Area 18 Vocational/ Perkins	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Qualified School Construction Bond	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (4,326)	\$ (4,639)	\$ (3,952)	\$ 100,544	\$ 73,712	\$ 6,227,276
Receipts:							
Local sources	-	-	-	-	-	-	9,325,838
Intermediate sources	-	-	-	-	-	-	109
State sources	-	-	-	-	-	-	8,086,365
Federal sources	16,626	59,447	34,347	7,232	469,048	-	1,496,872
Other receipts	-	-	-	-	-	2,283,171	2,377,516
Total receipts	16,626	59,447	34,347	7,232	469,048	2,283,171	21,286,700
Disbursements:							
Instruction	17,035	57,589	-	5,615	-	-	5,796,014
Support services	-	1,522	30,233	-	-	-	4,042,351
Noninstructional services	-	-	-	-	-	-	797,137
Facilities acquisition and construction	-	-	-	-	-	-	5,536,997
Debt service	-	-	-	-	466,784	-	1,784,951
Nonprogrammed charges	-	-	-	-	-	2,255,726	2,255,726
Total disbursements	17,035	59,111	30,233	5,615	466,784	2,255,726	20,213,176
Excess (deficiency) of receipts over disbursements	(409)	336	4,114	1,617	2,264	27,445	1,073,524
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(409)	336	4,114	1,617	2,264	27,445	1,073,524
Cash and investments - ending	\$ (409)	\$ (3,990)	\$ (525)	\$ (2,335)	\$ 102,808	\$ 101,157	\$ 7,300,800

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ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 246,395</u>	<u>\$ 47,393</u>

ADAMS CENTRAL COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Adams Central Elementary School Building Corporation	2017 Elem, Middle, High, Cafeteria, and Student Activity Center	\$ 714,000	12/28/2017	1/15/2034
Adams Central Elementary School Building Corporation	High/Middle School Renovation	<u>1,102,050</u>	6/30/2011	1/15/2026
Total of annual lease payments		<u>\$ 1,816,050</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Roof Renovation & Misc. Facility Renovations 2015	\$ 1,485,000	\$ 188,950
Notes and loans payable	Common School Loan	<u>11,130</u>	<u>11,186</u>
Totals		<u>\$ 1,496,130</u>	<u>\$ 200,136</u>

ADAMS CENTRAL COMMUNITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 81,669
Buildings	9,887,870
Improvements other than buildings	16,282,549
Machinery, equipment, and vehicles	3,560,298
Construction in progress	<u>4,389,028</u>
Total capital assets	<u>\$ 34,201,414</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the Adams Central 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 its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018.

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

Report on Internal Control over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

February 11, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

ADAMS CENTRAL COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2016-2017 FY 2017-2018	\$ - -	\$ 12,064 -	\$ - -	\$ - 15,028
Total - School Breakfast Program				-	12,064	-	15,028
National School Lunch Program	Indiana Department of Education	10.555	FY 2016-2017 FY 2017-2018	- -	168,233 -	- -	- 163,427
School Lunch - Commodities			FY 2016-2017 FY 2017-2018	- -	86,441 -	- -	- 69,397
Total - National School Lunch Program				-	254,674	-	232,824
Total - Child Nutrition Cluster				-	266,738	-	247,852
Total - Department of Agriculture				-	266,738	-	247,852
<u>Institute of Museum and Library Services</u>							
Grants to States	Indiana State Library	45.310	FY 2017-2018	-	-	-	9,949
Total - Institute of Museum and Library Services				-	-	-	9,949
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14216-001-PN01 14217-001-PN01 18611-001-PN01	- - -	103,305 104,650 -	- - -	- 138,992 91,162
Total - Special Education Grants to States				-	207,955	-	230,154
Special Education Preschool Grants	Indiana Department of Education	84.173	45716-001-PN01 45717-001-PN01 18619-001-PN01	- - -	897 7,321 -	- - -	- - 6,714
Total - Special Education Preschool Grants				-	8,218	-	6,714
Total - Special Education Cluster (IDEA)				-	216,173	-	236,868

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	16-0015 17-0015 18-0015	- - -	310,719 534,833 -	- - -	- 396,158 312,162
Total - Title I Grants to Local Educational Agencies				-	845,552	-	708,320
Career and Technical Education -- Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048	17-4700-8445 18-4700-8445	- -	21,527 -	- -	- 27,267
Total - Career and Technical Education -- Basic Grants to States				-	21,527	-	27,267
Rural Education	Indiana Department of Education	84.358	14-0015 15-0015 16-0015 17-0015	- - - -	4,408 17,329 - -	- - - -	- 4,639 26,830 2,878
Total - Rural Education				-	21,737	-	34,347
English Language Acquisition State Grants	North Adams Community Schools	84.365	14-0015 15-0015 16-0015	- - -	34 2,478 742	- - -	- 4,070 3,161
Total - English Language Acquisition State Grants				-	3,254	-	7,231
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	14-0015 15-0015 16-0015	- - -	20,064 32,934 -	- - -	- 19,743 39,684
Total - Supporting Effective Instruction State Grants				-	52,998	-	59,427
Total - Department of Education				-	1,161,241	-	1,073,460
Total federal awards expended				\$ -	\$ 1,427,979	\$ -	\$ 1,331,261

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

ADAMS CENTRAL 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, 2017 and 2018. 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. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

ADAMS CENTRAL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Title I Grants to Local Educational Agencies	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Title I Grants to Local Educational Agencies - Internal Controls
 Federal Agency: Department of Education
 Federal Program: Title I Grants to Local Educational Agencies
 CFDA Number: 84.010
 Federal Award Numbers and Years (or Other Identifying Numbers): 16-0015, 17-0015, 18-0015
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Annual Report Card, High School Graduation Rate
 Audit Finding: Material Weakness

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Testing was conducted on 40 payroll transactions which included payment of noncertified instructors and support staff. The School Corporation's control procedure was that the time records were to be signed by a supervisor to indicate a review and approval process. However, supporting time records for 9 out of 40 noncertified instructor and support staff payroll transactions tested were not signed by a supervisor.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The School Corporation had not designed or implemented adequate policies and procedures to ensure that reasons for mobility reporting were supported by appropriate documentation.

Context

The lack of controls was a systemic issue, 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 fully implemented a system of internal controls that would have ensured compliance with the compliance requirements identified above.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the compliance requirements identified above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

ADAMS CENTRAL COMMUNITY SCHOOLS

222 West Washington Street, Monroe, IN 46772 • Phone: 260-692-6193

OFFICE OF THE SUPERINTENDENT

Joel D. Mahaffey



Dawn Cook
Corporation Treasurer

Arnita Heyerly
Director of Human Resources

Kelli Fuhrmann
Secretary to Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Dawn Cook
Contact Phone Number: (260) 692-1009
Status of Audit Finding:

The Schedule of Expenditures of Federal Awards completion dates have been placed on the school calendar. Notes have been placed in past files indicating this requires a review and signature of another knowledgeable individual. Adams Central has implemented a more efficient internal review procedure to ensure the proper review of all data prior to entering into the (SEFA) portion of the Annual Financial Report.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Michele Barger & Dawn Cook
Contact Phone Number: (260) 692-6193
Status of Audit Finding:

Adams Central Community Schools has implemented a Quarterly Review to ensure balances are declining from the excess of three-month average allowable for a non-profit entity. The Corporation Treasurer prepares the Quarterly Review Work Paper and the Director of Food Service reviews with both signing the document. The Corporation Treasurer prepares the claim reimbursement and AFR, the Director of Food Service reviews and both sign the reports. The Director of Food Service prepares the Paid Lunch Equity (PLE) report and the Head Cook or Assistant Food Service Director reviews with both signing the report. The Middle School Extracurricular Treasurer enters eligibility data and the Middle School Principal to provide oversights, review and approve the Eligibility and Verification process. Adams Central Community Schools has implemented a spreadsheet system for equipment tracking that is updated as claims are processed by the Corporation Treasurer with the Directors reviewing for accuracy and signing.



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FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016
Contact Person Responsible for Corrective Action: Michele Barger & Dawn Cook
Contact Phone Number: (260) 692-6193
Status of Audit Finding:

Adams Central Community Schools already has Indirect Cost Rates assigned by the IDOE to be used with this Fund and has made the necessary corrections regarding the electric, trash and pest services. The administrative corporation employees' salaries that are allocated to the food service program are now completing time and effort logs beginning in January 2018 for proper documentation and support of amounts claimed for reimbursement.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016
Contact Person Responsible for Corrective Action: Dawn Cook
Contact Phone Number: (260) 692-6193
Status of Audit Finding:

Adams Central Community Schools will review (initial and date) the Quarterly Proportionate Share Monitoring Reports for Non-Public Schools prepared by Adams Wells Cooperative, along with the supporting documentation. After review, we will advise Adams Wells Cooperative of any relative comments and approve Adams Central Community Schools' portion of the report for submittal to the State.

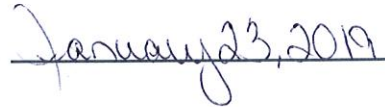
FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016
Contact Person Responsible for Corrective Action: Abby DeRoo & Dawn Cook
Contact Phone Number: (260) 692-6193
Status of Audit Finding:

Adams Central Community Schools had already implemented during the prior audit period, additional control processes for reviewing reimbursement claims. Each process, from expenditures to month end to reimbursement requests, is reviewed by someone other than the person performing the process, with each of them signing for proper documentation purposes. For example, the Corporation Treasurer prepares the reimbursement request for the Indiana Department of Education and the Title I Director reviews for accuracy with both signing the documents.



Dawn Cook
Corporation Treasurer



ADAMS CENTRAL COMMUNITY SCHOOLS

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OFFICE OF THE SUPERINTENDENT

Joel D. Mahaffey



Dawn Cook
Corporation Treasurer

Arnita Heyerly
Director of Human Resources

Kelli Fuhrmann
Secretary to Superintendent

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Dawn Cook, Abby DeRoo, Principals
Contact Phone Number: (260) 692-6193

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

School Administration/Management has already taken measures to address concerns and put in proper systems of internal control to prevent or detect and correct errors regarding compliance requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

Activities Allowed or Unallowed and Allowable Costs/Cost Principals

The current payroll processing procedures were changed to implement the building level principal or department director signature on the time cards or time station reports. This change was in place during part of the audit period.

Special Tests and Provisions – Annual Report Card, High School Graduation Rate

The newly implemented internal controls to ensure compliance will require the signatures of the student, legal guardian, principal, and guidance counselor on withdraw documents at the time a student exits/withdrawals from the school corporation. All signatures in question will be solicited at the time of an exit/withdraw interview with the specified stakeholders.

The newly implemented internal controls to ensure compliance will require the signatures of the student, legal guardian and principal on transfer tuition documents at the time a student requests to enroll in the school corporation. All signatures in question will be solicited at the time of a transfer tuition interview with the specified stakeholders.



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A new withdrawal 'Student Withdrawal/Transfer Form' has been created and implemented that requires the signatures of the student, legal guardian, principal, and guidance counselor.

Anticipated Completion Date: Completed



Dawn Cook
Corporation Treasurer


Date



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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/>.