

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH ADAMS SCHOOLS  
ADAMS COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/27/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca Biberstein	01-01-16 to 12-31-19
Superintendent of Schools	Scott Litwiller	07-01-16 to 06-30-19
President of the School Board	Arlene Amstutz	01-01-16 to 12-31-19



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the South Adams Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 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

March 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 SOUTH ADAMS SCHOOLS, ADAMS COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the South Adams Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 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 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 2018-001, 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 2018-001.

**South Adams Schools' Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

March 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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SOUTH ADAMS 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 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 1,406,360	\$ 8,349,241	\$ 8,318,463	\$ 36,746	\$ 1,473,884	\$ 8,259,802	\$ 8,724,903	\$ 29	\$ 1,008,812
Debt Service	1,154,155	1,752,401	1,716,500	(7,253)	1,182,803	1,763,131	1,714,500	-	1,231,434
Capital Projects	749,446	1,328,261	1,418,436	26,146	685,417	1,303,319	1,271,998	21,956	738,694
School Transportation	548,375	1,018,025	714,735	(250,000)	601,665	1,039,444	781,385	(300,000)	559,724
School Bus Replacement	619,341	200,001	88,607	-	730,735	204,113	280,212	(500,000)	154,636
Rainy Day	2,015,151	-	271,843	695,148	2,438,456	71,872	760,934	800,000	2,549,394
Post-Retirement/Severance Future Benefits	64,211	-	-	-	64,211	-	-	-	64,211
Construction	-	-	-	56,266	56,266	-	11,609	-	44,657
School Lunch	186,876	539,754	559,660	217	167,187	502,713	539,600	-	130,300
Textbook Rental	256,472	127,440	37,132	(29,097)	317,683	116,618	113,306	327	321,322
Area 18 Vocational Education	2,102	-	-	-	2,102	-	1,064	-	1,038
Educational License Plates	-	19	-	-	19	38	19	-	38
Alternative Education	-	17,233	-	-	17,233	11,951	29,184	-	-
Lilly Counseling Grant	-	30,000	8,000	-	22,000	-	15,324	-	6,676
Gifts/Donations	3,600	1,000	1,613	-	2,987	747	667	-	3,067
Recycle	1,717	83	255	-	1,545	-	519	-	1,026
High Ability 2016-17	-	30,071	29,619	-	452	-	452	-	-
High Ability 2017-18	-	-	-	-	-	30,108	28,240	-	1,868
Formative Assessment	-	14,780	14,780	-	-	15,214	15,214	-	-
Early Childhood Intervention (First Steps)	-	6,334	2,317	-	4,017	-	4,017	-	-
Early Intervention	-	-	-	-	-	6,773	6,773	-	-
Medicaid Reimbursement	-	13,462	823	-	12,639	-	1,767	-	10,872
Secured Schools Safety Grant	(5,140)	19,096	26,073	-	(12,117)	34,743	22,626	-	-
Recreational Activities	573	-	-	-	573	-	-	-	573
Non-English Speaking Programs	54	-	54	-	-	-	-	-	-
NESP 2017-18	-	-	-	-	-	25,509	18,503	-	7,006
NESP 2016-17	-	16,794	15,743	-	1,051	-	1,051	-	-
School Technology	-	8,468	4,860	-	3,608	11,010	9,908	-	4,710
Career and Technical Performance Grant	-	11,053	385	-	10,668	15,053	12,411	-	13,310
Performance Based Awards	-	-	-	-	-	36,478	36,478	-	-
Title I 2017-18	-	-	-	-	-	672,200	748,393	-	(76,193)
Title I 2015-16	(91,140)	319,305	228,165	-	-	-	-	-	-
Title I 2016-17	-	719,555	813,719	-	(94,164)	332,705	238,541	-	-
Regional Migrant 2013-14	(28,488)	334,475	339,510	-	(33,523)	366,894	367,008	-	(33,637)
Area 18 Vocational Education	-	-	-	-	-	18,437	18,437	-	-
Area 18 Perkins 2016-17	-	33,711	40,768	-	(7,057)	7,792	1,392	-	(657)
Title II, A 2016-17	-	52,327	62,728	-	(10,401)	75,883	65,482	-	-
Title II, A 2017-18	-	-	-	-	-	46,848	54,387	-	(7,539)
Title II, A 2015-16	(21,666)	43,865	22,199	-	-	-	-	-	-
Rural Schools and Low Income Program - Pass Through State	(6,525)	35,528	29,003	-	-	-	-	-	-
Rural and Low Income 2016-17	-	17,595	24,345	-	(6,750)	6,750	6,750	-	(6,750)
Title III - English Proficiency Migrant	-	-	-	-	-	7,299	7,737	-	(438)
Title III 2014-15	-	2,723	2,723	-	-	-	-	-	-
Title III 2015-16	(373)	3,194	2,821	-	-	2,522	2,522	-	-
Title III 2016-17	-	8,039	8,940	-	(901)	3,312	2,411	-	-
Project Success - Tutoring	(986)	2,295	1,928	-	(619)	1,284	665	-	-
Clearing	63,896	2,382,919	2,366,351	-	80,464	2,459,364	2,427,217	-	112,611
Totals	\$ 6,918,011	\$ 17,439,047	\$ 17,173,098	\$ 528,173	\$ 7,712,133	\$ 17,449,926	\$ 18,343,606	\$ 22,312	\$ 6,840,765

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

SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

School Corporation, as used herein, shall include, but is not limited to, 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.

SOUTH ADAMS 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.

*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.

SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

SOUTH ADAMS 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.

SOUTH ADAMS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. 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 South Adams School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years ended June 30, 2017 and 2018, totaled \$1,716,500 and \$1,714,500, 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.

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,406,360	\$ 1,154,155	\$ 749,446	\$ 548,375	\$ 619,341	\$ 2,015,151	\$ 64,211	\$ -
Receipts:								
Local sources	232,482	1,752,401	1,328,261	1,016,862	200,001	-	-	-
Intermediate sources	44	-	-	-	-	-	-	-
State sources	8,111,843	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	4,872	-	-	1,163	-	-	-	-
Total receipts	8,349,241	1,752,401	1,328,261	1,018,025	200,001	-	-	-
Disbursements:								
Instruction	5,488,171	-	-	-	-	-	-	-
Support services	2,628,561	-	761,112	714,735	88,607	271,843	-	-
Noninstructional services	201,731	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	657,324	-	-	-	-	-
Debt service	-	1,716,500	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8,318,463	1,716,500	1,418,436	714,735	88,607	271,843	-	-
Excess (deficiency) of receipts over disbursements	30,778	35,901	(90,175)	303,290	111,394	(271,843)	-	-
Other financing sources (uses):								
Sale of capital assets	195	-	471,294	-	-	-	-	56,266
Transfers in	36,551	-	-	-	-	695,148	-	-
Transfers out	-	(7,253)	(445,148)	(250,000)	-	-	-	-
Total other financing sources (uses)	36,746	(7,253)	26,146	(250,000)	-	695,148	-	56,266
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	67,524	28,648	(64,029)	53,290	111,394	423,305	-	56,266
Cash and investments - ending	\$ 1,473,884	\$ 1,182,803	\$ 685,417	\$ 601,665	\$ 730,735	\$ 2,438,456	\$ 64,211	\$ 56,266

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Area 18 Vocational Education	Educational License Plates	Alternative Education	Lilly Counseling Grant	Gifts/Donations	Recycle
Cash and investments - beginning	\$ 186,876	\$ 256,472	\$ 2,102	\$ -	\$ -	\$ -	\$ 3,600	\$ 1,717
Receipts:								
Local sources	232,010	85,234	-	-	-	30,000	1,000	83
Intermediate sources	-	-	-	19	-	-	-	-
State sources	6,013	42,198	-	-	17,233	-	-	-
Federal sources	291,947	-	-	-	-	-	-	-
Other receipts	9,784	8	-	-	-	-	-	-
Total receipts	<u>539,754</u>	<u>127,440</u>	<u>-</u>	<u>19</u>	<u>17,233</u>	<u>30,000</u>	<u>1,000</u>	<u>83</u>
Disbursements:								
Instruction	-	-	-	-	-	-	-	255
Support services	27,765	37,132	-	-	-	8,000	1,613	-
Noninstructional services	531,895	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>559,660</u>	<u>37,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>1,613</u>	<u>255</u>
Excess (deficiency) of receipts over disbursements	<u>(19,906)</u>	<u>90,308</u>	<u>-</u>	<u>19</u>	<u>17,233</u>	<u>22,000</u>	<u>(613)</u>	<u>(172)</u>
Other financing sources (uses):								
Sale of capital assets	217	201	-	-	-	-	-	-
Transfers in	-	7,253	-	-	-	-	-	-
Transfers out	-	(36,551)	-	-	-	-	-	-
Total other financing sources (uses)	<u>217</u>	<u>(29,097)</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>(19,689)</u>	<u>61,211</u>	<u>-</u>	<u>19</u>	<u>17,233</u>	<u>22,000</u>	<u>(613)</u>	<u>(172)</u>
Cash and investments - ending	<u>\$ 167,187</u>	<u>\$ 317,683</u>	<u>\$ 2,102</u>	<u>\$ 19</u>	<u>\$ 17,233</u>	<u>\$ 22,000</u>	<u>\$ 2,987</u>	<u>\$ 1,545</u>

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	High Ability 2016-17	High Ability 2017-18	Formative Assessment	Early Childhood Intervention (First Steps)	Early Intervention	Medicaid Reimbursement	Secured Schools Safety Grant	Recreational Activities
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,140)	\$ 573
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	30,071	-	14,780	6,334	-	13,462	19,096	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>30,071</u>	<u>-</u>	<u>14,780</u>	<u>6,334</u>	<u>-</u>	<u>13,462</u>	<u>19,096</u>	<u>-</u>
Disbursements:								
Instruction	29,619	-	-	-	-	-	-	-
Support services	-	-	14,780	2,317	-	823	24,203	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,870	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>29,619</u>	<u>-</u>	<u>14,780</u>	<u>2,317</u>	<u>-</u>	<u>823</u>	<u>26,073</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>452</u>	<u>-</u>	<u>-</u>	<u>4,017</u>	<u>-</u>	<u>12,639</u>	<u>(6,977)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
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>452</u>	<u>-</u>	<u>-</u>	<u>4,017</u>	<u>-</u>	<u>12,639</u>	<u>(6,977)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,017</u>	<u>\$ -</u>	<u>\$ 12,639</u>	<u>\$ (12,117)</u>	<u>\$ 573</u>

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2017

	Non-English Speaking Programs	NESP 2017-18	NESP 2016-17	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I 2017-18	Title I 2015-16
Cash and investments - beginning	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (91,140)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	16,794	8,468	-	-	-	-
Federal sources	-	-	-	-	11,053	-	-	319,305
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	16,794	8,468	11,053	-	-	319,305
Disbursements:								
Instruction	54	-	15,743	-	-	-	-	190,064
Support services	-	-	-	4,860	385	-	-	34,473
Noninstructional services	-	-	-	-	-	-	-	3,628
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	54	-	15,743	4,860	385	-	-	228,165
Excess (deficiency) of receipts over disbursements	(54)	-	1,051	3,608	10,668	-	-	91,140
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	(54)	-	1,051	3,608	10,668	-	-	91,140
Cash and investments - ending	\$ -	\$ -	\$ 1,051	\$ 3,608	\$ 10,668	\$ -	\$ -	\$ -

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	Title I 2016-17	Regional Migrant 2013-14	Area 18 Vocational Education	Area 18 Perkins 2016-17	Title II, A 2016-17	Title II, A 2017-18	Title II, A 2015-16	Rural Schools and Low Income Program - Pass Through State
Cash and investments - beginning	\$ -	\$ (28,488)	\$ -	\$ -	\$ -	\$ -	\$ (21,666)	\$ (6,525)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	719,555	334,475	-	33,711	52,327	-	43,865	35,528
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>719,555</u>	<u>334,475</u>	<u>-</u>	<u>33,711</u>	<u>52,327</u>	<u>-</u>	<u>43,865</u>	<u>35,528</u>
Disbursements:								
Instruction	664,612	92,263	-	40,768	24,705	-	2,510	-
Support services	137,852	247,247	-	-	38,023	-	19,689	29,003
Noninstructional services	11,255	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>813,719</u>	<u>339,510</u>	<u>-</u>	<u>40,768</u>	<u>62,728</u>	<u>-</u>	<u>22,199</u>	<u>29,003</u>
Excess (deficiency) of receipts over disbursements	<u>(94,164)</u>	<u>(5,035)</u>	<u>-</u>	<u>(7,057)</u>	<u>(10,401)</u>	<u>-</u>	<u>21,666</u>	<u>6,525</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
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>(94,164)</u>	<u>(5,035)</u>	<u>-</u>	<u>(7,057)</u>	<u>(10,401)</u>	<u>-</u>	<u>21,666</u>	<u>6,525</u>
Cash and investments - ending	<u>\$ (94,164)</u>	<u>\$ (33,523)</u>	<u>\$ -</u>	<u>\$ (7,057)</u>	<u>\$ (10,401)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2017

	Rural and Low Income 2016-17	Title III - English Proficiency Migrant	Title III 2014-15	Title III 2015-16	Title III 2016-17	Project Success - Tutoring	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (373)	\$ -	\$ (986)	\$ 63,896	\$ 6,918,011
Receipts:								
Local sources	-	-	-	-	-	2,295	-	4,880,629
Intermediate sources	-	-	-	-	-	-	-	63
State sources	-	-	-	-	-	-	-	8,286,292
Federal sources	17,595	-	2,723	3,194	8,039	-	-	1,873,317
Other receipts	-	-	-	-	-	-	2,382,919	2,398,746
Total receipts	17,595	-	2,723	3,194	8,039	2,295	2,382,919	17,439,047
Disbursements:								
Instruction	-	-	2,084	2,821	8,940	1,928	-	6,564,537
Support services	24,345	-	639	-	-	-	-	5,118,007
Noninstructional services	-	-	-	-	-	-	-	748,509
Facilities acquisition and construction	-	-	-	-	-	-	-	659,194
Debt service	-	-	-	-	-	-	-	1,716,500
Nonprogrammed charges	-	-	-	-	-	-	2,366,351	2,366,351
Total disbursements	24,345	-	2,723	2,821	8,940	1,928	2,366,351	17,173,098
Excess (deficiency) of receipts over disbursements	(6,750)	-	-	373	(901)	367	16,568	265,949
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	528,173
Transfers in	-	-	-	-	-	-	-	738,952
Transfers out	-	-	-	-	-	-	-	(738,952)
Total other financing sources (uses)	-	-	-	-	-	-	-	528,173
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,750)	-	-	373	(901)	367	16,568	794,122
Cash and investments - ending	\$ (6,750)	\$ -	\$ -	\$ -	\$ (901)	\$ (619)	\$ 80,464	\$ 7,712,133

SOUTH ADAMS SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,473,884	\$ 1,182,803	\$ 685,417	\$ 601,665	\$ 730,735	\$ 2,438,456	\$ 64,211	\$ 56,266
Receipts:								
Local sources	286,352	1,763,131	1,303,319	1,037,479	204,113	71,872	-	-
Intermediate sources	47	-	-	-	-	-	-	-
State sources	7,960,509	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	12,894	-	-	1,965	-	-	-	-
Total receipts	<u>8,259,802</u>	<u>1,763,131</u>	<u>1,303,319</u>	<u>1,039,444</u>	<u>204,113</u>	<u>71,872</u>	-	-
Disbursements:								
Instruction	5,818,908	-	-	-	-	-	-	-
Support services	2,694,748	-	573,110	781,385	280,212	4,194	-	-
Noninstructional services	211,247	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	698,888	-	-	756,740	-	11,609
Debt service	-	1,714,500	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,724,903</u>	<u>1,714,500</u>	<u>1,271,998</u>	<u>781,385</u>	<u>280,212</u>	<u>760,934</u>	-	<u>11,609</u>
Excess (deficiency) of receipts over disbursements	<u>(465,101)</u>	<u>48,631</u>	<u>31,321</u>	<u>258,059</u>	<u>(76,099)</u>	<u>(689,062)</u>	-	<u>(11,609)</u>
Other financing sources (uses):								
Sale of capital assets	29	-	21,956	-	-	-	-	-
Transfers in	-	-	-	-	-	800,000	-	-
Transfers out	-	-	-	(300,000)	(500,000)	-	-	-
Total other financing sources (uses)	<u>29</u>	<u>-</u>	<u>21,956</u>	<u>(300,000)</u>	<u>(500,000)</u>	<u>800,000</u>	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(465,072)</u>	<u>48,631</u>	<u>53,277</u>	<u>(41,941)</u>	<u>(576,099)</u>	<u>110,938</u>	-	<u>(11,609)</u>
Cash and investments - ending	<u>\$ 1,008,812</u>	<u>\$ 1,231,434</u>	<u>\$ 738,694</u>	<u>\$ 559,724</u>	<u>\$ 154,636</u>	<u>\$ 2,549,394</u>	<u>\$ 64,211</u>	<u>\$ 44,657</u>

SOUTH ADAMS SCHOOLS  
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	School Lunch	Textbook Rental	Area 18 Vocational Education	Educational License Plates	Alternative Education	Lilly Counseling Grant	Gifts/Donations	Recycle
Cash and investments - beginning	\$ 167,187	\$ 317,683	\$ 2,102	\$ 19	\$ 17,233	\$ 22,000	\$ 2,987	\$ 1,545
Receipts:								
Local sources	220,438	78,125	-	-	-	-	747	-
Intermediate sources	-	-	-	38	-	-	-	-
State sources	5,959	38,403	-	-	11,951	-	-	-
Federal sources	267,558	-	-	-	-	-	-	-
Other receipts	8,758	90	-	-	-	-	-	-
Total receipts	502,713	116,618	-	38	11,951	-	747	-
Disbursements:								
Instruction	-	-	1,064	-	29,184	-	-	519
Support services	23,252	113,306	-	-	-	15,324	667	-
Noninstructional services	516,348	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	19	-	-	-	-
Total disbursements	539,600	113,306	1,064	19	29,184	15,324	667	519
Excess (deficiency) of receipts over disbursements	(36,887)	3,312	(1,064)	19	(17,233)	(15,324)	80	(519)
Other financing sources (uses):								
Sale of capital assets	-	327	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	327	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,887)	3,639	(1,064)	19	(17,233)	(15,324)	80	(519)
Cash and investments - ending	\$ 130,300	\$ 321,322	\$ 1,038	\$ 38	\$ -	\$ 6,676	\$ 3,067	\$ 1,026

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	High Ability 2016-17	High Ability 2017-18	Formative Assessment	Early Childhood Intervention (First Steps)	Early Intervention	Medicaid Reimbursement	Secured Schools Safety Grant	Recreational Activities
Cash and investments - beginning	\$ 452	\$ -	\$ -	\$ 4,017	\$ -	\$ 12,639	\$ (12,117)	\$ 573
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	30,108	15,214	-	6,773	-	34,743	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	30,108	15,214	-	6,773	-	34,743	-
Disbursements:								
Instruction	452	28,240	-	-	-	1,627	-	-
Support services	-	-	15,214	4,017	6,773	140	22,626	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	452	28,240	15,214	4,017	6,773	1,767	22,626	-
Excess (deficiency) of receipts over disbursements	(452)	1,868	-	(4,017)	-	(1,767)	12,117	-
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	(452)	1,868	-	(4,017)	-	(1,767)	12,117	-
Cash and investments - ending	\$ -	\$ 1,868	\$ -	\$ -	\$ -	\$ 10,872	\$ -	\$ 573

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

	Non-English Speaking Programs	NESP 2017-18	NESP 2016-17	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I 2017-18	Title I 2015-16
Cash and investments - beginning	\$ -	\$ -	\$ 1,051	\$ 3,608	\$ 10,668	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	25,509	-	11,010	-	36,478	-	-
Federal sources	-	-	-	-	15,053	-	672,200	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	25,509	-	11,010	15,053	36,478	672,200	-
Disbursements:								
Instruction	-	18,503	1,051	-	12,245	36,478	585,382	-
Support services	-	-	-	9,908	166	-	146,453	-
Noninstructional services	-	-	-	-	-	-	16,558	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	18,503	1,051	9,908	12,411	36,478	748,393	-
Excess (deficiency) of receipts over disbursements	-	7,006	(1,051)	1,102	2,642	-	(76,193)	-
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	-	7,006	(1,051)	1,102	2,642	-	(76,193)	-
Cash and investments - ending	\$ -	\$ 7,006	\$ -	\$ 4,710	\$ 13,310	\$ -	\$ (76,193)	\$ -

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

	Title I 2016-17	Regional Migrant 2013-14	Area 18 Vocational Education	Area 18 Perkins 2016-17	Title II, A 2016-17	Title II, A 2017-18	Title II, A 2015-16	Rural Schools and Low Income Program - Pass Through State
Cash and investments - beginning	\$ (94,164)	\$ (33,523)	\$ -	\$ (7,057)	\$ (10,401)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	332,705	366,894	18,437	7,792	75,883	46,848	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>332,705</u>	<u>366,894</u>	<u>18,437</u>	<u>7,792</u>	<u>75,883</u>	<u>46,848</u>	-	-
Disbursements:								
Instruction	199,759	87,828	18,437	1,392	24,107	46,238	-	-
Support services	32,536	279,180	-	-	41,375	8,149	-	-
Noninstructional services	6,246	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>238,541</u>	<u>367,008</u>	<u>18,437</u>	<u>1,392</u>	<u>65,482</u>	<u>54,387</u>	-	-
Excess (deficiency) of receipts over disbursements	<u>94,164</u>	<u>(114)</u>	<u>-</u>	<u>6,400</u>	<u>10,401</u>	<u>(7,539)</u>	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
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>94,164</u>	<u>(114)</u>	<u>-</u>	<u>6,400</u>	<u>10,401</u>	<u>(7,539)</u>	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ (33,637)</u>	<u>\$ -</u>	<u>\$ (657)</u>	<u>\$ -</u>	<u>\$ (7,539)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Rural and Low Income 2016-17	Title III - English Proficiency Migrant	Title III 2014-15	Title III 2015-16	Title III 2016-17	Project Success - Tutoring	Clearing	Totals
Cash and investments - beginning	\$ (6,750)	\$ -	\$ -	\$ -	\$ (901)	\$ (619)	\$ 80,464	\$ 7,712,133
Receipts:								
Local sources	-	-	-	-	-	1,284	-	4,966,860
Intermediate sources	-	-	-	-	-	-	-	85
State sources	-	-	-	-	-	-	-	8,176,657
Federal sources	6,750	7,299	-	2,522	3,312	-	-	1,823,253
Other receipts	-	-	-	-	-	-	2,459,364	2,483,071
Total receipts	<u>6,750</u>	<u>7,299</u>	<u>-</u>	<u>2,522</u>	<u>3,312</u>	<u>1,284</u>	<u>2,459,364</u>	<u>17,449,926</u>
Disbursements:								
Instruction	-	5,825	-	2,522	2,411	665	-	6,922,837
Support services	6,750	1,089	-	-	-	-	-	5,060,574
Noninstructional services	-	823	-	-	-	-	-	751,222
Facilities acquisition and construction	-	-	-	-	-	-	-	1,467,237
Debt service	-	-	-	-	-	-	-	1,714,500
Nonprogrammed charges	-	-	-	-	-	-	2,427,217	2,427,236
Total disbursements	<u>6,750</u>	<u>7,737</u>	<u>-</u>	<u>2,522</u>	<u>2,411</u>	<u>665</u>	<u>2,427,217</u>	<u>18,343,606</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(438)</u>	<u>-</u>	<u>-</u>	<u>901</u>	<u>619</u>	<u>32,147</u>	<u>(893,680)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	22,312
Transfers in	-	-	-	-	-	-	-	800,000
Transfers out	-	-	-	-	-	-	-	(800,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,312</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(438)</u>	<u>-</u>	<u>-</u>	<u>901</u>	<u>619</u>	<u>32,147</u>	<u>(871,368)</u>
Cash and investments - ending	<u>\$ (6,750)</u>	<u>\$ (438)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,611</u>	<u>\$ 6,840,765</u>

SOUTH ADAMS SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2018

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: South Adams School Building Corporation	Elementary School Building	<u>\$ 1,688,500</u>	07-01-16	12-31-31

SOUTH ADAMS 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	\$ 309,986
Infrastructure	45,683
Buildings	27,865,180
Machinery, equipment, and vehicles	2,156,272
Books and other	<u>868,751</u>
Total capital assets	<u>\$ 31,245,872</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 SOUTH ADAMS SCHOOLS, ADAMS COUNTY, INDIANA

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

We have audited the South Adams 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
Paul D. Joyce, CPA  
State Examiner

March 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.

SOUTH ADAMS 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 16-17	\$ -	\$ 34,832	\$ -	\$ -
School Breakfast			FY 17-18	-	-	-	28,446
School Breakfast							
Total - School Breakfast Program				-	34,832	-	28,446
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	FY 16-17	-	257,115	-	-
School Lunch			FY 17-18	-	-	-	239,112
Commodities			FY 16-17	-	61,182	-	-
Commodities			FY 17-18	-	-	-	57,545
Total - National School Lunch Program				-	318,297	-	296,657
Total - Child Nutrition Cluster				-	353,129	-	325,103
Total - Department of Agriculture				-	353,129	-	325,103
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14216-001-PN01	-	124,301	-	-
			14217-001-PN01	-	120,242	-	159,702
			18611-001-PN01	-	-	-	97,214
Total - Special Education Grants to States				-	244,543	-	256,916
Special Education Preschool Grants							
	Indiana Department of Education	84.173	45716-001-PN01	-	1,576	-	-
			45717-001-PN01	-	12,448	-	-
			18619-001-PN01	-	-	-	10,484
Total - Special Education Preschool Grants				-	14,024	-	10,484
Total - Special Education Cluster (IDEA)				-	258,567	-	267,400
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010	16-0035	-	319,305	-	-
			17-0035	-	719,555	-	339,249
			18-0035	-	-	-	665,655
Total - Title I Grants to Local Educational Agencies				-	1,038,860	-	1,004,904

SOUTH ADAMS 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
Migrant Education State Grant Program	Indiana Department of Education	84.011	38215-003-PN01	-	217,569	-	19,519
			38216-003-PN01	-	116,906	-	225,174
			38217-003-PN01	-	-	-	122,201
Total - Migrant Education State Grant Program				-	334,475	-	366,894
Career and Technical Education -- Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048	FY 16-17	-	33,711	-	-
			FY 17-18	-	-	-	26,229
Total - Career and Technical Education -- Basic Grants to States				-	33,711	-	26,229
Rural Education	Indiana Department of Education	84.358	7000S358B140014	-	7,995	-	-
			7000S358B150014	-	27,533	-	-
			S358B0160014	-	17,595	-	6,750
Total - Rural Education				-	53,123	-	6,750
English Language Acquisition State Grants	Indiana Department of Education	84.365	01115-001-PN01	-	2,723	-	-
			01116-001-PN01	-	3,193	-	2,523
			01117-001-PN01	-	8,039	-	3,312
			01118-001-PN01	-	-	-	7,300
Total - English Language Acquisition State Grants				-	13,955	-	13,135
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	S367A150015	-	43,865	-	-
			S367A160013	-	52,327	-	75,883
			S367A170013	-	-	-	46,848
Total - Supporting Effective Instruction State Grants				-	96,192	-	122,731
Total - Department of Education				-	1,828,883	-	1,808,043
Total federal awards expended				\$ -	\$ 2,182,012	\$ -	\$ 2,133,146

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

SOUTH ADAMS SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (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 the Adams Wells Special Services 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 of the School Corporation. This activity is reported on the financial statement of the Cooperative.

SOUTH ADAMS SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

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
--	----

**Section II - Financial Statement Findings**

**FINDING 2018-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

*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).

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The School Corporation had an approval process involving the review of the SEFA to ensure the SEFA was accurate; however, the approval process did not detect the errors in the SEFA.

*Context*

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program Commodities were understated in the amount of \$13,185 for fiscal year 16-17.
2. The Special Education Cluster (IDEA) expenditures were understated by \$125,877 and \$159,702 for fiscal year 16-17 and fiscal year 17-18, respectively.
3. Expenditures for the NESP State Grant were reported on the SEFA, resulting in an overstatement of \$15,797 and \$19,553 for fiscal year 16-17 and fiscal year 17-18, respectively.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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. . . ."

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

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.
- (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*.

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

*Recommendation*

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

*Views of Responsible Officials*

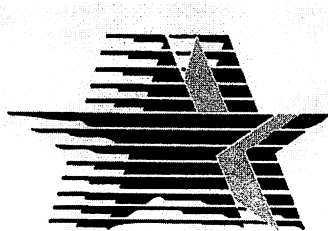
For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

No matters are reportable.

#### AUDITEE-PREPARED DOCUMENTS

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



# South Adams School

1075 Starfire Way, Berne, Indiana 46711

Office: 260-589-3133

Fax: 260-589-2065

*Scott Litwiller*  
Superintendent

*Annette Schwartz*  
Administrative Assistant

*Rebecca Biberstein*  
Treasurer

*Pam Haubaker*  
Grants Clerk

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDINGS: 2016-001 Schedule of Expenditures of Federal Awards  
2016-002 Food Service Balance  
2016-003 Semi-Annual Certification

Fiscal year in which the finding initially occurred: 2016  
Contact Person for Corrective Action: Rebecca Biberstein  
Contact Phone Number: (260) 589-3133 ext. 501

### Status of Audit Findings:

2016-001 – The reporting of Federal Awards expenses are being reviewed to more clearly understand the information requested. Attempts have been made to enter the correct information as accurately as possible. The Gateway reporting platform is user friendly and is not a problem entering data, determining the correct information is the difficulty.

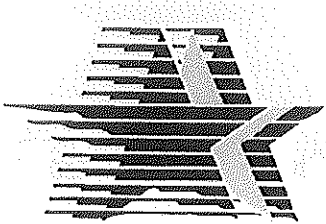
2016-002 – The grant clerk and food service director review the monthly balance of the Lunch Program and initial the documentation. This confirms they are looking at the balance and developing plans as necessary for any overage of allowable balances.

2016-003 – The migrant grant program has been dissolved and transferred to South Bend for management. The semi-annual certification was implemented through the end of the program at South Adams (9/01/18). We currently have the records required for our staff employed during the program.

*Rebecca Biberstein*

\_\_\_\_\_  
Treasurer

2-20-19  
\_\_\_\_\_  
Date



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<i>Superintendent</i>	<i>Administrative Assistant</i>	<i>Treasurer</i>	<i>Grants Clerk</i>

## CORRECTIVE ACTION PLAN

AUDIT PERIOD: JULY 1, 2016 – JUNE 30, 2018

### FINDING 2018 -001

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

Views of Responsible Official: South Adams concurs with the finding

### Discription of Corrective Action Plan:

South Adams Schools will correct the Gateway Annual Reporting by creating instructions detailing how to complete the Federal Awards report accurately. The treasurer will execute the reports and the grants manager will review and sign off. The South Adams School treasurer will work with other treasurers in the Adams-Wells Special Service Cooperative to verify the information provided is accurate for our SEFA reporting.

Anticipated Completion Date: On or before August 29, 2019

*Scott Litwiler* \_\_\_\_\_ *2-28-19*  
 Superintendent Date

*Rebecca Biberstein* \_\_\_\_\_ *2-28-19*  
 Treasurer 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/>.