

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

AUDIT REPORT

OF

AVON COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
03/09/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda Stipp	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Timothy Ogle	07-01-08 to 06-30-11
President of the School Board	Kimberly Woodward Gary Brinkman	07-01-08 to 06-30-09 07-01-09 to 06-30-11



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE AVON COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 7, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE AVON COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 7, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2011

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 33,167,333	\$ -	\$ 317,333	\$ (32,850,000)
Support services	31,142,116	2,757,701	1,002,257	(27,382,158)
Noninstructional services	3,616,556	-	-	(3,616,556)
Facilities acquisition and construction	3,218,540	-	-	(3,218,540)
Debt service	28,915,002	-	-	(28,915,002)
Nonprogrammed charges	<u>1,132,231</u>	<u>-</u>	<u>-</u>	<u>(1,132,231)</u>
Total governmental activities	<u>\$ 101,191,778</u>	<u>\$ 2,757,701</u>	<u>\$ 1,319,590</u>	<u>(97,114,487)</u>
General receipts:				
Property taxes				36,425,269
Other local sources				6,430,107
State aid				33,230,622
Bonds and loans				13,366,555
Grants and contributions not restricted to specific programs				6,467,731
Sale of property				89,875
Investment earnings				96,790
Other				<u>241,293</u>
Total general receipts				<u>96,348,242</u>
Change in net assets				(766,245)
Net assets - beginning				<u>11,783,517</u>
Net assets - ending				<u>\$ 11,017,272</u>
<u>Assets</u>				
Cash and investments				\$ 9,660,259
Restricted assets:				
Cash and investments				<u>1,357,013</u>
Total assets				<u>\$ 11,017,272</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,357,013
Unrestricted				<u>9,660,259</u>
Total net assets				<u>\$ 11,017,272</u>

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 35,418,669	\$ -	\$ 365,178	\$ (35,053,491)
Support services	31,290,397	2,724,149	1,098,380	(27,467,868)
Noninstructional services	3,810,543	-	-	(3,810,543)
Facilities acquisition and construction	2,174,729	-	-	(2,174,729)
Debt service	30,775,536	-	-	(30,775,536)
Nonprogrammed charges	871,951	-	-	(871,951)
Total governmental activities	<u>\$ 104,341,825</u>	<u>\$ 2,724,149</u>	<u>\$ 1,463,558</u>	<u>(100,154,118)</u>
General receipts:				
Property taxes				47,835,338
Other local sources				7,112,612
State aid				44,922,883
Grants and contributions not restricted to specific programs				4,731,176
Sale of property				8,400
Investment earnings				75,320
Other				126,254
Total general receipts				<u>104,811,983</u>
Change in net assets				4,657,865
Net assets - beginning				<u>11,017,272</u>
Net assets - ending				<u>\$ 15,675,137</u>
<u>Assets</u>				
Cash and investments				\$ 11,780,014
Restricted assets:				
Cash and investments				<u>3,895,123</u>
Total assets				<u>\$ 15,675,137</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,895,123
Unrestricted				<u>11,780,014</u>
Total net assets				<u>\$ 15,675,137</u>

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Transportation Operating	Rainy Day	Federal Stimulus Grant	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 15,452,875	\$ 5,060,582	\$ -	\$ -	\$ 13,950,931	\$ 5,625,837	\$ 1,694,472	\$ 3,606,353	\$ 45,391,050
Intermediate sources	318,817	-	-	-	-	-	-	-	318,817
State sources	33,443,474	-	-	-	-	-	-	574,987	34,018,461
Federal sources	-	-	-	3,935,655	-	-	-	3,063,827	6,999,482
Temporary loans	-	-	-	-	13,366,555	-	-	-	13,366,555
Interfund loans	7,900,000	3,000,000	-	-	250,000	4,500,000	100,000	3,450,000	19,200,000
Other	68	111,576	-	-	-	127,748	-	1,901	241,293
Total receipts	57,115,234	8,172,158	-	3,935,655	27,567,486	10,253,585	1,794,472	10,697,068	119,535,658
Disbursements:									
Current:									
Instruction	30,202,447	-	-	210,398	-	-	-	2,754,488	33,167,333
Support services	18,461,524	6,087,904	-	240,920	-	3,689,784	1,873,420	788,564	31,142,116
Noninstructional services	543,219	-	-	439	-	-	-	3,072,898	3,616,556
Facilities acquisition and construction	25,870	-	-	-	-	3,192,670	-	-	3,218,540
Debt services	-	-	-	-	27,501,171	-	-	1,413,831	28,915,002
Nonprogrammed charges	1,132,231	-	-	-	-	-	-	-	1,132,231
Interfund loans	11,300,000	2,000,000	-	-	-	3,000,000	100,000	2,800,000	19,200,000
Total disbursements	61,665,291	8,087,904	-	451,757	27,501,171	9,882,454	1,973,420	10,829,781	120,391,778
Excess (deficiency) of receipts over disbursements	(4,550,057)	84,254	-	3,483,898	66,315	371,131	(178,948)	(132,713)	(856,120)
Other financing sources (uses):									
Sale of capital assets	20,635	-	-	-	-	69,240	-	-	89,875
Transfers in	-	-	-	-	-	-	-	58,244	58,244
Transfers out	-	-	-	-	(34,390)	-	-	(23,854)	(58,244)
Total other financing sources (uses)	20,635	-	-	-	(34,390)	69,240	-	34,390	89,875
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,529,422)	84,254	-	3,483,898	31,925	440,371	(178,948)	(98,323)	(766,245)
Cash and investments - beginning	5,878,153	418,647	1,900,000	-	1,282,132	55,332	767,361	1,481,892	11,783,517
Cash and investments - ending	\$ 1,348,731	\$ 502,901	\$ 1,900,000	\$ 3,483,898	\$ 1,314,057	\$ 495,703	\$ 588,413	\$ 1,383,569	\$ 11,017,272
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,348,731	\$ 502,901	\$ 1,900,000	\$ 3,483,898	\$ -	\$ 495,703	\$ 588,413	\$ 1,340,613	\$ 9,660,259
Restricted assets:									
Cash and investments	-	-	-	-	1,314,057	-	-	42,956	1,357,013
Total cash and investment assets - ending	\$ 1,348,731	\$ 502,901	\$ 1,900,000	\$ 3,483,898	\$ 1,314,057	\$ 495,703	\$ 588,413	\$ 1,383,569	\$ 11,017,272
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,314,057	\$ -	\$ -	\$ 42,956	\$ 1,357,013
Unrestricted	1,348,731	502,901	1,900,000	3,483,898	-	495,703	588,413	1,340,613	9,660,259
Total cash and investment fund balance - ending	\$ 1,348,731	\$ 502,901	\$ 1,900,000	\$ 3,483,898	\$ 1,314,057	\$ 495,703	\$ 588,413	\$ 1,383,569	\$ 11,017,272

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Transportation Operating	Rainy Day	Federal Stimulus Grant	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 1,123,356	\$ 9,314,003	\$ -	\$ -	\$ 32,411,779	\$ 8,302,997	\$ 1,706,129	\$ 4,751,811	\$ 57,610,075
Intermediate sources	137,344	-	-	-	-	-	-	-	137,344
State sources	45,153,068	-	-	-	-	-	-	406,286	45,559,354
Federal sources	-	-	-	1,713,933	-	-	-	3,844,330	5,558,263
Interfund loans	12,600,000	-	-	-	2,000,000	1,650,000	-	3,050,000	19,300,000
Other	8,315	109,129	-	-	-	40	-	8,770	126,254
Total receipts	59,022,083	9,423,132	-	1,713,933	34,411,779	9,953,037	1,706,129	12,061,197	128,291,290
Disbursements:									
Current:									
Instruction	28,601,330	-	-	3,745,616	-	-	-	3,071,723	35,418,669
Support services	18,430,233	5,908,472	-	1,450,898	-	3,855,466	913,490	731,838	31,290,397
Noninstructional services	623,741	-	-	1,317	-	-	-	3,185,485	3,810,543
Facilities acquisition and construction	24,000	-	-	-	-	2,146,979	-	3,750	2,174,729
Debt services	-	-	-	-	29,826,738	-	-	948,798	30,775,536
Nonprogrammed charges	871,951	-	-	-	-	-	-	-	871,951
Interfund loans	6,500,000	2,200,000	-	-	2,250,000	4,000,000	-	4,350,000	19,300,000
Total disbursements	55,051,255	8,108,472	-	5,197,831	32,076,738	10,002,445	913,490	12,291,594	123,641,825
Excess (deficiency) of receipts over disbursements	3,970,828	1,314,660	-	(3,483,898)	2,335,041	(49,408)	792,639	(230,397)	4,649,465
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	8,400	-	-	8,400
Transfers in	-	-	-	-	-	-	-	332,002	332,002
Transfers out	(253,656)	-	-	-	(18,831)	-	-	(59,515)	(332,002)
Total other financing sources (uses)	(253,656)	-	-	-	(18,831)	8,400	-	272,487	8,400
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,717,172	1,314,660	-	(3,483,898)	2,316,210	(41,008)	792,639	42,090	4,657,865
Cash and investments - beginning	1,348,731	502,901	1,900,000	3,483,898	1,314,057	495,703	588,413	1,383,569	11,017,272
Cash and investments - ending	<u>\$ 5,065,903</u>	<u>\$ 1,817,561</u>	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ 3,630,267</u>	<u>\$ 454,695</u>	<u>\$ 1,381,052</u>	<u>\$ 1,425,659</u>	<u>\$ 15,675,137</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 5,065,903	\$ 1,817,561	\$ 1,900,000	\$ -	\$ -	\$ 454,695	\$ 1,381,052	\$ 1,160,803	\$ 11,780,014
Restricted assets:									
Cash and investments	-	-	-	-	3,630,267	-	-	264,856	3,895,123
Total cash and investment assets - ending	\$ 5,065,903	\$ 1,817,561	\$ 1,900,000	\$ -	\$ 3,630,267	\$ 454,695	\$ 1,381,052	\$ 1,425,659	\$ 15,675,137
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 3,630,267	\$ -	\$ -	\$ 264,856	\$ 3,895,123
Unrestricted	5,065,903	1,817,561	1,900,000	-	-	454,695	1,381,052	1,160,803	11,780,014
Total cash and investment fund balance - ending	\$ 5,065,903	\$ 1,817,561	\$ 1,900,000	\$ -	\$ 3,630,267	\$ 454,695	\$ 1,381,052	\$ 1,425,659	\$ 15,675,137

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 27,338	
Investment earnings:			
Interest	<u>3,523</u>	<u>94</u>	
Total additions	<u>3,523</u>	<u>27,432</u>	
Deductions:			
Benefits	205,608	-	
Administrative and general	<u>-</u>	<u>27,957</u>	
Total deductions	<u>205,608</u>	<u>27,957</u>	
Excess (deficiency) of total additions over total deductions	(202,085)	(525)	
Cash and investment fund balance - beginning	<u>1,071,274</u>	<u>27,431</u>	
Cash and investment fund balance - ending	<u>\$ 869,189</u>	<u>\$ 26,906</u>	<u>\$ 1,704,797</u>
Net assets:			
Cash and investments	<u>\$ 869,189</u>	<u>\$ 26,906</u>	<u>\$ 1,704,797</u>
Total net assets - cash and investment basis held in trust	<u>\$ 869,189</u>	<u>\$ 26,906</u>	<u>\$ 1,704,797</u>

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 62,194	
Investment earnings:			
Interest	4,530	-	
Total additions	4,530	62,194	
Deductions:			
Benefits	95,836	-	
Administrative and general	-	60,938	
Total deductions	95,836	60,938	
Excess (deficiency) of total additions over total deductions	(91,306)	1,256	
Cash and investment fund balance - beginning	869,189	26,906	
Cash and investment fund balance - ending	\$ 777,883	\$ 28,162	\$ 1,950,602
Net assets:			
Cash and investments	\$ 777,883	\$ 28,162	\$ 1,950,602
Total net assets - cash and investment basis held in trust	\$ 777,883	\$ 28,162	\$ 1,950,602

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

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Avon Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant in a joint venture to operate West Central Joint Services Co-Op which was created to provide Special Education services to students. The School Corporation is obligated by contract to remit \$701,876 annually to supplement the West Central Joint Services Co-Op. Complete financial statements for the West Central Joint Services Co-Op can be obtained from Metropolitan School District of Wayne Township, Marion County.

The School Corporation is a participant in a joint venture to operate Area Vocational Education Co-Op which was created to provide vocational education to students. The School Corporation is obligated by contract to remit \$306,531 annually to supplement the Area Vocational Education Co-Op. Complete financial statements for the Area Vocational Education Co-Op can be obtained from Metropolitan School District of Wayne Township, Marion County.

The School Corporation is a participant in a joint venture to operate Central Indiana Education Service Center which was created for the purpose as defined in IC 20-1-11.3. The School Corporation is obligated by contract to remit \$39,064 annually to supplement the Central Indiana Education Service Center. Complete financial statements for the Central Indiana Education Service Center can be obtained from Central Indiana Educational Service Center, 6321 LaPas Trail, Indianapolis, IN 46268.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Transportation Operating Fund accounts for financial resources for the transportation of schoolchildren to and from school.

The Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The Federal Stimulus Grant fund is used to account for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment, or capital construction, and interest on emergency and temporary loans.

The Capital Projects Fund accounts for planned construction, repair, replacement, or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The School Bus Replacement Fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities for the retirement/severance bond, which accumulates resources for early retirement benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit private organizations.

The agency fund accounts for assets held by the School as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the School.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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. Taxable property is assessed at 100% 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 may become

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2010, the School Corporation had deposit balances in the amount of \$18,431,784.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
Interfund Transfers:			
General Fund	Other Governmental Funds	\$ -	\$ 253,656
Debt Service Fund	Other Governmental Funds	34,390	18,831
Other Governmental Funds	Other Governmental Funds	<u>23,854</u>	<u>59,515</u>
Totals		<u>\$ 58,244</u>	<u>\$ 332,002</u>
Interfund Loans:			
General Fund	Transportation Operating Fund	\$ 3,000,000	\$ -
	Debt Service Fund	250,000	2,000,000
	Capital Projects Fund	4,500,000	1,500,000
	School Bus Replacement Fund	100,000	-
	Other Governmental Funds	3,450,000	3,000,000
Transportation Operating Fund	General Fund	2,000,000	2,200,000
Debt Service Fund	General Fund	-	2,250,000
Capital Projects Fund	General Fund	3,000,000	4,000,000
School Bus Replacement Fund	General Fund	100,000	-
Other Governmental Funds	General Fund	<u>2,800,000</u>	<u>4,350,000</u>
Totals		<u>\$ 19,200,000</u>	<u>\$ 19,300,000</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is 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.

The risks of 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 are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Avon 2000 Community 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 2009 and 2010 totaled \$22,705,055, and \$21,055,699, respectively.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$1.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy

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.

The School Corporation's contributions to the plan during the period were \$1.

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Safe Haven	Gifted and Talented 07/08	High Ability Grant 08/09	Non-English Speaking Grant 08/09	Title I 08/09
Receipts:								
Local sources	\$ 37,252	\$ 2,310,933	\$ 558,473	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	264,829	48,230	106,903	50,544	-	59,959	44,522	-
Federal sources	-	847,124	-	-	-	-	-	358,265
Interfund loans	650,000	-	2,000,000	-	-	-	-	-
Other	-	26	1,875	-	-	-	-	-
Total receipts	952,081	3,206,313	2,667,251	50,544	-	59,959	44,522	358,265
Disbursements:								
Current:								
Instruction	436,530	-	-	-	8,523	54,042	45,307	336,829
Support services	-	6,456	710,923	50,544	-	-	-	6,831
Noninstructional services	-	3,066,485	-	-	-	-	-	6,413
Debt services	-	-	-	-	-	-	-	-
Interfund loans	500,000	-	2,000,000	-	-	-	-	-
Total disbursements	936,530	3,072,941	2,710,923	50,544	8,523	54,042	45,307	350,073
Excess (deficiency) of receipts over disbursements	15,551	133,372	(43,672)	-	(8,523)	5,917	(785)	8,192
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	34,390	-	-	-	-	23,854
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	34,390	-	-	-	-	23,854
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,551	133,372	(9,282)	-	(8,523)	5,917	(785)	32,046
Cash and investments - beginning	8,430	501,397	594,847	-	8,523	-	2,654	-
Cash and investments - ending	\$ 23,981	\$ 634,769	\$ 585,565	\$ -	\$ -	\$ 5,917	\$ 1,869	\$ 32,046
Cash and Investment Assets - Ending								
Cash and investments	\$ 23,981	\$ 634,769	\$ 585,565	\$ -	\$ -	\$ 5,917	\$ 1,869	\$ 32,046
Restricted assets:								
Cash and investments	-	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 23,981	\$ 634,769	\$ 585,565	\$ -	\$ -	\$ 5,917	\$ 1,869	\$ 32,046
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	23,981	634,769	585,565	-	-	5,917	1,869	32,046
Total cash and investment fund balance - ending	\$ 23,981	\$ 634,769	\$ 585,565	\$ -	\$ -	\$ 5,917	\$ 1,869	\$ 32,046

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title I 07/08	Title V, Part A 06/07	Title V, Part A 09/10	Special Education 08/09	PL 108-446 Part B	Regional Library Grant	Drug-Free Schools 06/07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	40,000	7,000	3,750	1,285,203	272,907	1,000	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	40,000	7,000	3,750	1,285,203	272,907	1,000	-
Disbursements:							
Current:							
Instruction	39,253	11,413	-	1,285,203	334,522	-	1,915
Support services	1,077	-	-	-	-	1,021	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	40,330	11,413	-	1,285,203	334,522	1,021	1,915
Excess (deficiency) of receipts over disbursements	(330)	(4,413)	3,750	-	(61,615)	(21)	(1,915)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(23,854)	-	-	-	-	-	-
Total other financing sources (uses)	(23,854)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,184)	(4,413)	3,750	-	(61,615)	(21)	(1,915)
Cash and investments - beginning	24,184	7,330	-	-	61,615	300	1,915
Cash and investments - ending	\$ -	\$ 2,917	\$ 3,750	\$ -	\$ -	\$ 279	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 2,917	\$ 3,750	\$ -	\$ -	\$ 279	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,917	\$ 3,750	\$ -	\$ -	\$ 279	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,917	3,750	-	-	279	-
Total cash and investment fund balance - ending	\$ -	\$ 2,917	\$ 3,750	\$ -	\$ -	\$ 279	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Drug-Free Schools 07/08	Drug-Free Schools 08/09	Title II, Part A 08/09	Title III 08/09	Pension Bond	Construction	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 699,695	\$ -	\$ 3,606,353
State sources	-	-	-	-	-	-	574,987
Federal sources	8,084	10,000	184,294	46,200	-	-	3,063,827
Interfund loans	-	-	-	-	800,000	-	3,450,000
Other	-	-	-	-	-	-	1,901
Total receipts	8,084	10,000	184,294	46,200	1,499,695	-	10,697,068
Disbursements:							
Current:							
Instruction	2,672	980	160,517	36,782	-	-	2,754,488
Support services	-	1,039	-	10,673	-	-	788,564
Noninstructional services	-	-	-	-	-	-	3,072,898
Debt services	-	-	-	-	1,413,831	-	1,413,831
Interfund loans	-	-	-	-	300,000	-	2,800,000
Total disbursements	2,672	2,019	160,517	47,455	1,713,831	-	10,829,781
Excess (deficiency) of receipts over disbursements	5,412	7,981	23,777	(1,255)	(214,136)	-	(132,713)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	58,244
Transfers out	-	-	-	-	-	-	(23,854)
Total other financing sources (uses)	-	-	-	-	-	-	34,390
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,412	7,981	23,777	(1,255)	(214,136)	-	(98,323)
Cash and investments - beginning	4,541	-	5,699	2,132	257,092	1,233	1,481,892
Cash and investments - ending	\$ 9,953	\$ 7,981	\$ 29,476	\$ 877	\$ 42,956	\$ 1,233	\$ 1,383,569
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 9,953	\$ 7,981	\$ 29,476	\$ 877	\$ -	\$ 1,233	\$ 1,340,613
Restricted assets:							
Cash and investments	-	-	-	-	42,956	-	42,956
Total cash and investment assets - ending	\$ 9,953	\$ 7,981	\$ 29,476	\$ 877	\$ 42,956	\$ 1,233	\$ 1,383,569
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 42,956	\$ -	\$ 42,956
Unrestricted	9,953	7,981	29,476	877	-	1,233	1,340,613
Total cash and investment fund balance - ending	\$ 9,953	\$ 7,981	\$ 29,476	\$ 877	\$ 42,956	\$ 1,233	\$ 1,383,569

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Special Education Preschool	School Lunch	Textbook Rental	High Ability Grant 08/09	High Ability Grant 09/10	Making a Difference Grant	Non-English Speaking Grant 08/09
Receipts:							
Local sources	\$ -	\$ 2,330,299	\$ 576,095	\$ -	\$ -	\$ -	\$ -
State sources	121,000	48,434	101,859	-	61,373	23,801	-
Federal sources	-	948,087	-	-	-	-	-
Interfund loans	-	-	2,000,000	-	-	-	-
Other	-	568	266	-	-	-	-
Total receipts	121,000	3,327,388	2,678,220	-	61,373	23,801	-
Disbursements:							
Current:							
Instruction	-	-	-	5,917	59,520	10,726	1,869
Support services	-	15,539	646,884	-	-	-	-
Noninstructional services	-	3,185,485	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	350,000	-	2,500,000	-	-	-	-
Total disbursements	350,000	3,201,024	3,146,884	5,917	59,520	10,726	1,869
Excess (deficiency) of receipts over disbursements	(229,000)	126,364	(468,664)	(5,917)	1,853	13,075	(1,869)
Other financing sources (uses):							
Transfers in	235,342	-	18,831	-	-	-	-
Transfers out	(30,323)	-	-	-	-	-	-
Total other financing sources (uses)	205,019	-	18,831	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,981)	126,364	(449,833)	(5,917)	1,853	13,075	(1,869)
Cash and investments - beginning	23,981	634,769	585,565	5,917	-	-	1,869
Cash and investments - ending	\$ -	\$ 761,133	\$ 135,732	\$ -	\$ 1,853	\$ 13,075	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 761,133	\$ 135,732	\$ -	\$ 1,853	\$ 13,075	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 761,133	\$ 135,732	\$ -	\$ 1,853	\$ 13,075	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	761,133	135,732	-	1,853	13,075	-
Total cash and investment fund balance - ending	\$ -	\$ 761,133	\$ 135,732	\$ -	\$ 1,853	\$ 13,075	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking Grant 09/10	Excess CAGIT Distribution	Title I 08/09	Title I 09/10	Title V, Part A 06/07	Title V, Part A 09/10	Special Education 09/10
Receipts:							
Local sources	\$ -	\$ 224,719	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	49,819	-	-	-	-	-	-
Federal sources	-	-	34,104	252,413	2,615	-	1,408,471
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	49,819	224,719	34,104	252,413	2,615	-	1,408,471
Disbursements:							
Current:							
Instruction	40,477	-	36,958	291,019	5,532	-	1,408,471
Support services	4,249	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	3,750	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	44,726	-	36,958	291,019	5,532	3,750	1,408,471
Excess (deficiency) of receipts over disbursements	5,093	224,719	(2,854)	(38,606)	(2,917)	(3,750)	-
Other financing sources (uses):							
Transfers in	-	-	-	38,606	-	-	-
Transfers out	-	-	(29,192)	-	-	-	-
Total other financing sources (uses)	-	-	(29,192)	38,606	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,093	224,719	(32,046)	-	(2,917)	(3,750)	-
Cash and investments - beginning	-	-	32,046	-	2,917	3,750	-
Cash and investments - ending	\$ 5,093	\$ 224,719	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,093	\$ 224,719	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,093	\$ 224,719	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,093	224,719	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 5,093	\$ 224,719	\$ -	\$ -	\$ -	\$ -	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	PL 108-446 Part B	Regional Library Grant	Drug-Free Schools 07/08	Drug-Free Schools 08/09	Drug-Free Schools 09/10	Project Lead the Way
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	60,635	-	-	5,648	8,000	25,000
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	60,635	-	-	5,648	8,000	25,000
Disbursements:						
Current:						
Instruction	90,958	-	9,953	4,267	-	25,000
Support services	-	130	-	761	1,820	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	90,958	130	9,953	5,028	1,820	25,000
Excess (deficiency) of receipts over disbursements	(30,323)	(130)	(9,953)	620	6,180	-
Other financing sources (uses):						
Transfers in	30,323	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	30,323	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(130)	(9,953)	620	6,180	-
Cash and investments - beginning	-	279	9,953	7,981	-	-
Cash and investments - ending	\$ -	\$ 149	\$ -	\$ 8,601	\$ 6,180	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 149	\$ -	\$ 8,601	\$ 6,180	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 149	\$ -	\$ 8,601	\$ 6,180	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	149	-	8,601	6,180	-
Total cash and investment fund balance - ending	\$ -	\$ 149	\$ -	\$ 8,601	\$ 6,180	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Project Lead the Way 09/10	Project Lead the Way 10/11	Title II, Part A 08/09	Title II, Part A 09/10	Title III 08/09	Title III 09/10
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	20,000	-	15,258	122,219	-	38,610
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	20,000	-	15,258	122,219	-	38,610
Disbursements:						
Current:						
Instruction	15,600	-	44,734	98,176	347	34,219
Support services	4,400	8,900	-	-	530	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	20,000	8,900	44,734	98,176	877	34,219
Excess (deficiency) of receipts over disbursements	-	(8,900)	(29,476)	24,043	(877)	4,391
Other financing sources (uses):						
Transfers in	-	8,900	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	8,900	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(29,476)	24,043	(877)	4,391
Cash and investments - beginning	-	-	29,476	-	877	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 24,043	\$ -	\$ 4,391
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 24,043	\$ -	\$ 4,391
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 24,043	\$ -	\$ 4,391
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	24,043	-	4,391
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 24,043	\$ -	\$ 4,391

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	ARRA Special Education Part B	ARRA Special Education Preschool	Pension Bond	2002 Construction	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 1,620,698	\$ -	\$ -	\$ 4,751,811
State sources	-	-	-	-	-	406,286
Federal sources	846,670	56,600	-	-	-	3,844,330
Interfund loans	-	-	1,050,000	-	-	3,050,000
Other	-	-	-	7,936	-	8,770
Total receipts	846,670	56,600	2,670,698	7,936	-	12,061,197
Disbursements:						
Current:						
Instruction	887,980	-	-	-	-	3,071,723
Support services	-	48,625	-	-	-	731,838
Noninstructional services	-	-	-	-	-	3,185,485
Facilities acquisition and construction	-	-	-	-	-	3,750
Debt services	-	-	948,798	-	-	948,798
Interfund loans	-	-	1,500,000	-	-	4,350,000
Total disbursements	887,980	48,625	2,448,798	-	-	12,291,594
Excess (deficiency) of receipts over disbursements	(41,310)	7,975	221,900	7,936	-	(230,397)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	332,002
Transfers out	-	-	-	-	-	(59,515)
Total other financing sources (uses)	-	-	-	-	-	272,487
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,310)	7,975	221,900	7,936	-	42,090
Cash and investments - beginning	-	-	42,956	-	1,233	1,383,569
Cash and investments - ending	<u>\$ (41,310)</u>	<u>\$ 7,975</u>	<u>\$ 264,856</u>	<u>\$ 7,936</u>	<u>\$ 1,233</u>	<u>\$ 1,425,659</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (41,310)	\$ 7,975	\$ -	\$ 7,936	\$ 1,233	\$ 1,160,803
Restricted assets:						
Cash and investments	-	-	264,856	-	-	264,856
Total cash and investment assets - ending	<u>\$ (41,310)</u>	<u>\$ 7,975</u>	<u>\$ 264,856</u>	<u>\$ 7,936</u>	<u>\$ 1,233</u>	<u>\$ 1,425,659</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 264,856	\$ -	\$ -	\$ 264,856
Unrestricted	(41,310)	7,975	-	7,936	1,233	1,160,803
Total cash and investment fund balance - ending	<u>\$ (41,310)</u>	<u>\$ 7,975</u>	<u>\$ 264,856</u>	<u>\$ 7,936</u>	<u>\$ 1,233</u>	<u>\$ 1,425,659</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Avon Education Foundation	Youth as Resources Grant	From our Hearts Grant	Caring with Crafts	Jeri Inman Scholarship	Gibraltar Citizenship Award
Additions:						
Contributions:						
Other	\$ 14,904	\$ 477	\$ 843	\$ -	\$ 1,476	\$ -
Investment earnings:						
Interest	-	-	-	-	94	-
Total additions	<u>14,904</u>	<u>477</u>	<u>843</u>	<u>-</u>	<u>1,570</u>	<u>-</u>
Deductions:						
Administrative and general	<u>14,904</u>	<u>477</u>	<u>703</u>	<u>-</u>	<u>-</u>	<u>54</u>
Excess (deficiency) of total additions over total deductions	-	-	140	-	1,570	(54)
Cash and investment fund balance - beginning	-	-	-	48	9,491	1,132
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 48</u>	<u>\$ 11,061</u>	<u>\$ 1,078</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 48</u>	<u>\$ 11,061</u>	<u>\$ 1,078</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 48</u>	<u>\$ 11,061</u>	<u>\$ 1,078</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	McCalment Scholarship	Hendricks County Substance Abuse	Outdoor Learning Center	Joseph Sugg Foundation	Lions Club Donation	Totals
Additions:						
Contributions:						
Other	\$ 1,069	\$ 2,100	\$ 6,469	\$ -	\$ -	\$ 27,338
Investment earnings:						
Interest	-	-	-	-	-	94
Total additions	<u>1,069</u>	<u>2,100</u>	<u>6,469</u>	<u>-</u>	<u>-</u>	<u>27,432</u>
Deductions:						
Administrative and general	<u>1,000</u>	<u>2,280</u>	<u>8,219</u>	<u>-</u>	<u>320</u>	<u>27,957</u>
Excess (deficiency) of total additions over total deductions	69	(180)	(1,750)	-	(320)	(525)
Cash and investment fund balance - beginning	<u>1,756</u>	<u>555</u>	<u>11,654</u>	<u>540</u>	<u>2,255</u>	<u>27,431</u>
Cash and investments - June 30	<u>\$ 1,825</u>	<u>\$ 375</u>	<u>\$ 9,904</u>	<u>\$ 540</u>	<u>\$ 1,935</u>	<u>\$ 26,906</u>
Net assets:						
Cash and investments	<u>\$ 1,825</u>	<u>\$ 375</u>	<u>\$ 9,904</u>	<u>\$ 540</u>	<u>\$ 1,935</u>	<u>\$ 26,906</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,825</u>	<u>\$ 375</u>	<u>\$ 9,904</u>	<u>\$ 540</u>	<u>\$ 1,935</u>	<u>\$ 26,906</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Sharon Pinnick Education Grant	Avon Education Foundation	Extra Curricular Field Trip	From our Hearts Grant	North Middle School Grant	Black and Gold Advocacy	Kits for Hope
Additions:							
Contributions:							
Other	\$ 340	\$ 20,193	\$ 26,714	\$ -	\$ 159	\$ 457	\$ 262
Deductions:							
Administrative and general	192	20,061	26,714	-	159	396	256
Excess (deficiency) of total additions over total deductions	148	132	-	-	-	61	6
Cash and investment fund balance - beginning	-	-	-	140	-	-	-
Cash and Investments - June 30	<u>\$ 148</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 6</u>
Net assets:							
Cash and investments	\$ 148	\$ 132	\$ -	\$ 140	\$ -	\$ 61	\$ 6
Total net assets - cash and investment basis held in trust	<u>\$ 148</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 6</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Decorating For Dollars	Caring with Crafts	Jeri Inman Scholarship	Gibraltar Citizenship Award	McCalment Scholarship	Autism Advocates of Indiana
Additions: Contributions: Other	\$ 174	\$ -	\$ -	\$ -	\$ 1,069	\$ 485
Deductions: Administrative and general	104	48	1,000	69	2,000	424
Excess (deficiency) of total additions over total deductions	70	(48)	(1,000)	(69)	(931)	61
Cash and investment fund balance - beginning	-	48	11,061	1,079	1,825	-
Cash and Investments - June 30	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 10,061</u>	<u>\$ 1,010</u>	<u>\$ 894</u>	<u>\$ 61</u>
Net assets: Cash and investments	\$ 70	\$ -	\$ 10,061	\$ 1,010	\$ 894	\$ 61
Total net assets - cash and investment basis held in trust	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 10,061</u>	<u>\$ 1,010</u>	<u>\$ 894</u>	<u>\$ 61</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Hendricks County Substance Abuse	Outdoor Learning Center	Joseph Sugg Foundation	Lions Club Donation	National School Safety	Totals
Additions: Contributions: Other	\$ 1,500	\$ 5,841	\$ -	\$ -	\$ 5,000	\$ 62,194
Deductions: Administrative and general	899	5,836	-	280	2,500	60,938
Excess (deficiency) of total additions over total deductions	601	5	-	(280)	2,500	1,256
Cash and investment fund balance - beginning	375	9,903	540	1,935	-	26,906
Cash and Investments - June 30	<u>\$ 976</u>	<u>\$ 9,908</u>	<u>\$ 540</u>	<u>\$ 1,655</u>	<u>\$ 2,500</u>	<u>\$ 28,162</u>
Net assets: Cash and investments	\$ 976	\$ 9,908	\$ 540	\$ 1,655	\$ 2,500	\$ 28,162
Total net assets - cash and investment basis held in trust	<u>\$ 976</u>	<u>\$ 9,908</u>	<u>\$ 540</u>	<u>\$ 1,655</u>	<u>\$ 2,500</u>	<u>\$ 28,162</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll</u>	<u>Anthem Reserve</u>	<u>2008 Excess CAGIT</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 13,801,958	\$ 1,004,910	\$ -	\$ 14,806,868
Deductions:				
Agency fund deductions	<u>13,650,096</u>	<u>153,569</u>	<u>288,019</u>	<u>14,091,684</u>
Excess (deficiency) of total additions over total deductions	151,862	851,341	(288,019)	715,184
Cash and investment fund balance - beginning	<u>491</u>	<u>701,103</u>	<u>288,019</u>	<u>989,613</u>
Cash and investment fund balance - ending	<u>\$ 152,353</u>	<u>\$ 1,552,444</u>	<u>\$ -</u>	<u>\$ 1,704,797</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Payroll</u>	<u>Anthem Reserve</u>	<u>Commerce Bank</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 14,495,355	\$ 615,240	\$ 828,156	\$ 15,938,751
Deductions:				
Agency fund deductions	<u>14,735,428</u>	<u>142,596</u>	<u>814,922</u>	<u>15,692,946</u>
Excess (deficiency) of total additions over total deductions	(240,073)	472,644	13,234	245,805
Cash and investment fund balance - beginning	<u>152,353</u>	<u>1,552,444</u>	-	<u>1,704,797</u>
Cash and investment fund balance - ending	<u>\$ (87,720)</u>	<u>\$ 2,025,088</u>	<u>\$ 13,234</u>	<u>\$ 1,950,602</u>

AVON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 10,117,791
Buildings	257,225,089
Improvements other than buildings	3,916,720
Machinery and equipment	<u>254,735,381</u>
Total governmental activities, capital assets	<u>\$ 525,994,981</u>

AVON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2002 Renovations and Improvements	\$ 9,530,000	\$ 1,973,000
2005 Cedar Elementary Construction	46,998,682	4,113,500
2005 High School Addition	40,145,000	5,222,552
2007 Middle School North Construction	93,540,000	7,367,188
2008 River Birch Elementary Construction	71,700,000	3,649,757
Bonds payable:		
General obligation bonds:		
2004 Pension Bonds	4,880,000	569,818
2006 Pension Bonds	<u>3,470,000</u>	<u>375,406</u>
Total governmental activities debt	<u>\$ 270,263,682</u>	<u>\$ 23,271,221</u>

AVON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PROMOTION ACCOUNT

Avon Community School Corporation paid expenses from the promotional fund for the budget years as follows:

	Budget Year		
	2008	2009	2010
Meals/Snacks:			
Administrative retreat	\$ 1,636	\$ 297	\$ 1,798
Administrative holiday dinner	-	3,015	1,685
Staff banquet at graduation	-	-	8,256
Cultural diversity meeting meals	-	9,518	-
Meals charged to Superintendent's credit card	2,547	1,446	1,819
Meeting meals and snacks	17,754	12,435	5,810
Staff gifts:			
Beach towels	9,145	-	-
Personal care kits (1,200 items)	5,511	-	-
Gift cards	-	500	925
Staff appreciation gifts	4,161	12,054	6,244
Other:			
Miscellaneous	509	75	58
Total promotion expenditures	<u>\$ 41,263</u>	<u>\$ 39,340</u>	<u>\$ 26,595</u>
Prior year student enrollment (ADM)	<u>8,058</u>	<u>8,356</u>	<u>8,576</u>

The School Corporation's bylaws and policies document includes the following section on recognition:

"The purpose of this policy is to permit the School Board to honor its staff, former Board members, and other nonemployee persons with plaques, pins, token retirement gifts and awards, and other amenities. The Board wishes to also honor staff, students, citizens, and advisory groups for their contributions with appropriate recognitions and authorizes administrators to purchase meals, refreshments, and/or other amenities to further the interests of the Corporation. The Board hereby affirms that the expenses incurred as listed above do serve a public purpose. The Board believes that the "public purpose" serves for the promotion of education, rapport with the business community, community relations, and the encouragement of nonemployees to serve as volunteers as well as furthering other interests. I.C. 20-26-5-4"

AVON COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

IC 20-26-5-4 states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers: . . . (3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil not to exceed twelve thousand five hundred dollars (\$12,500) based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through: (A) the purchase of meals, decorations, memorabilia, or awards; (B) provision for expenses incurred in interviewing job applicants; or (C) developing relations with other governmental units."

DISBURSEMENT DOCUMENTATION (Applies to Avon High School)

The Athletic Department collects money from each athlete for practice packs. The practice packs include the equipment and clothing needed for the season. The practice pack for football players also includes \$50 for meals. The meal money is paid to the Quarterback Club (parents' group). The Quarterback Club does not providing supporting documentation of how the money was spent. Over the past three years, the following amounts have been paid to the Quarterback Club by the Athletic Department:

	Amount
2008 Football season	\$ 5,000
2009 Football season	6,700
2010 Football season	5,320
Total	\$ 17,020

The Extra-Curricular Treasurer did not have any supporting documentation for these expenditures, other than instructions from the Athletic Director to disburse the funds. The Quarterback Club members were contacted during the course of the audit and they were able to provide documentation supporting the use of the funds for food to feed the football players.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE AVON COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

Compliance

We have audited the compliance of the Avon Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

on compliance, 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 control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2011

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Cluster Title Pass-Through Entity/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Pass-Through Indiana Department of Education				
School Breakfast Program	10.553	3315	\$ 105,894	\$ 145,192
National School Lunch Program	10.555	3315	<u>884,012</u>	<u>953,809</u>
Total for federal grantor agency			<u>989,906</u>	<u>1,099,001</u>
U.S. DEPARTMENT OF EDUCATION				
Title I Cluster				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	08-3315	64,184	-
		09-3315	350,073	66,150
		10-3315	<u>-</u>	<u>291,019</u>
Total for cluster			<u>414,257</u>	<u>357,169</u>
Special Education Cluster				
Pass-Through Metropolitan School District Wayne Township, Marion County				
Special Education - Grants to States	84.027	14209-063-PN01	1,246,843	-
		14210-063-PN01	<u>-</u>	<u>1,370,111</u>
Pass-Through Indiana Department of Education				
Special Education - Grants to States	84.027	14207-001-DY03	334,522	-
		14208-001-DY04	<u>-</u>	<u>90,958</u>
Total for program			<u>1,581,365</u>	<u>1,461,069</u>
Special Education - Preschool Grants	84.173	45709-063-PN01	38,360	-
		45710-063-PN01	<u>-</u>	<u>38,351</u>
Total for program			<u>38,360</u>	<u>38,351</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391		-	887,980
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		<u>-</u>	<u>48,625</u>
Total for cluster			<u>1,619,725</u>	<u>2,436,025</u>
Pass-Through Indiana Department of Workforce Development				
Career and Technical Education - Basic Grants to States	84.048	10-3315	-	20,000
		11-3315	<u>-</u>	<u>8,900</u>
Total for program			<u>-</u>	<u>28,900</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	06-3315	1,915	-
		07-3315	2,672	9,953
		08-3315	2,019	5,028
		09-3315	<u>-</u>	<u>1,820</u>
Total for program			<u>6,606</u>	<u>16,801</u>
State Grants for Innovative Programs	84.298	06-3315	11,413	5,532
		80-3315	<u>-</u>	<u>3,750</u>
Total for program			<u>11,413</u>	<u>9,282</u>
Educational Technology State Grants	84.318	3315	<u>1,021</u>	<u>130</u>
English Language Acquisition Grants	84.365	08/09	47,455	877
		09/10	<u>-</u>	<u>34,219</u>
Total for program			<u>47,455</u>	<u>35,096</u>
Improving Teacher Quality State Grants	84.367	08/09	160,517	44,734
		09/10	<u>-</u>	<u>98,176</u>
Total for program			<u>160,517</u>	<u>142,910</u>
State Fiscal Stabilization Fund Cluster				
Pass-Through Indiana Department of Education				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	3315	<u>451,757</u>	<u>5,197,831</u>
Total for federal grantor agency			<u>2,033,982</u>	<u>2,793,194</u>
Total federal awards expended			<u>\$ 3,702,657</u>	<u>\$ 9,323,145</u>

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

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Avon Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
National School Lunch Program	10.555	\$ 130,128	\$ 134,049
School Breakfast Program	10.553	15,558	20,405

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Special Education Cluster
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$390,774

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

AVON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

AVON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2011, with Dr. Timothy Ogle, Superintendent of Schools; Brenda Stipp, Treasurer; Brock Bowsher, Director of Finance; and Gary Brinkman, President of the School Board. The official response has been made a part of this report and may be found on page 49.

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AVON
 COMMUNITY
 SCHOOL
 CORPORATION

February 22, 2011

Indiana State Board of Accounts
 302 West Washington St., Room E 418
 Indianapolis, IN 46204-2765

AVON COMMUNITY SCHOOL CORPORATION OFFICIAL RESPONSE TO AUDIT ENDING JUNE 30, 2010

In response to the Avon Community School Corporation financial audit for the year ending June 30, 2010, please see comments below.

PROMOTION ACCOUNT

- Avon Community School Corporation has used the promotion account to support its mission and purpose. The corporation has appreciation gifts for retiring staff for years or service. Additionally, the corporation has also provided meals for staff cultural diversity training, which is a required component of school improvement plans, per Indiana Code 20-31-6-2.

Avon Community School Corporation administration will continue to annually review Indiana Code 20-26-5-4 during budget preparation and implementation processes. The corporation will also continuously monitor budget expenditures that support the missions and purposes.

DISBURSEMENT DOCUMENTATION (applies to Avon High School)

- Corrective actions had been implemented effective Fall 2010, prior to the financial audit. The Avon High School Athletic Department has ended the practice of collecting money on behalf of the Quarterback Club. Avon High School Athletic Department will collect only Avon Athletic Department specific fees. Avon High School Quarterback Club now collects its own club fees.

Board of School Trustees

Gary A. Brinkman
 Mark A. Buckley
 Pamela J. DeWeese
 Anne L. Engelhardt
 Kimberly L. Woodward

Administration
Superintendent

Timothy L. Ogle, Ph.D.

Associate Superintendent

Margaret E. Hoernemann, Ph.D.

Assistant Superintendent

Kent A. DeKoninck, Ph.D.

Directors

Brock J. Bowsher

Peggy B. Clark, Ed.D.

Maryanne B. McMahon, Ph.D.

Sincerely,



Brock J. Bowsher

Director of Finance/Operations

Avon Community School Corporation

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CC: Dr. Timothy Ogle, Superintendent

Ms. Melissa Hanchar, CPA, Indiana State Board of Accounts Auditor in Charge