

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

AUDIT REPORT

OF

ANDERSON COMMUNITY SCHOOL CORPORATION

MADISON COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**

03/11/2011



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Business Manager	Kevin Brown	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Mikella Lowe Lennon Brown (Interim) Dr. Felix Chow	07-01-08 to 06-30-09 07-01-09 to 12-31-10 01-01-10 to 06-30-11
President of the Board of School Trustees	Teddy Bohnenkamp Philip Morgan Dr. Scott Green	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



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

TO: THE OFFICIALS OF THE ANDERSON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anderson 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 January 18, 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, 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

January 18, 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 ANDERSON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anderson 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 January 18, 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 and Corrective Action Plan. 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, Board of Trustees, 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

January 18, 2011

ANDERSON 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>	<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	\$ 39,698,260	\$ -	\$ 1,287,825	\$ (38,410,435)
Support services	33,061,824	2,523,193	3,609,592	(26,929,039)
Noninstructional services	5,578,981	-	-	(5,578,981)
Facilities acquisition and construction	2,118,714	-	-	(2,118,714)
Debt service	41,534,948	-	-	(41,534,948)
Nonprogrammed charges	18,424,431	-	-	(18,424,431)
<b>Total governmental activities</b>	<b><u>\$ 140,417,158</u></b>	<b><u>\$ 2,523,193</u></b>	<b><u>\$ 4,897,417</u></b>	<b><u>(132,996,548)</u></b>
General receipts:				
Property taxes				42,243,731
Other local sources				2,456,727
State aid				50,585,110
Bonds and loans				20,120,977
Grants and contributions not restricted to specific programs				15,249,360
Sale of property				118,260
Investment earnings				174,846
<b>Total general receipts</b>				<b><u>130,949,011</u></b>
Change in net assets				(2,047,537)
Net assets - beginning				<u>11,354,544</u>
Net assets - ending				<b><u>\$ 9,307,007</u></b>
<b>Assets</b>				
Cash and investments				\$ (2,522,453)
Restricted assets:				
Cash and investments				<u>11,829,460</u>
<b>Total assets</b>				<b><u>\$ 9,307,007</u></b>
<b>Net Assets</b>				
Restricted for:				
Other purposes				\$ 11,829,460
Unrestricted				<u>(2,522,453)</u>
<b>Total net assets</b>				<b><u>\$ 9,307,007</u></b>

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

ANDERSON 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>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	\$ 37,131,183	\$ -	\$ 1,216,240	\$ (35,914,943)
Support services	31,492,821	2,248,917	3,667,124	(25,576,780)
Noninstructional services	5,350,968	-	-	(5,350,968)
Facilities acquisition and construction	1,207,436	-	-	(1,207,436)
Debt service	33,595,871	-	-	(33,595,871)
Nonprogrammed charges	<u>15,393,908</u>	<u>-</u>	<u>-</u>	<u>(15,393,908)</u>
Total governmental activities	<u>\$ 124,172,187</u>	<u>\$ 2,248,917</u>	<u>\$ 4,883,364</u>	<u>(117,039,906)</u>
General receipts:				
Property taxes				20,673,145
Other local sources				1,389,089
State aid				60,611,545
Bonds and loans				20,037,962
Grants and contributions not restricted to specific programs				19,911,891
Sale of property				121,850
Investment earnings				69,764
Other				<u>4,439</u>
Total general receipts				<u>122,819,685</u>
Change in net assets				5,779,779
Net assets - beginning				<u>9,307,007</u>
Net assets - ending				<u>\$ 15,086,786</u>
<u>Assets</u>				
Cash and investments				\$ 2,028,426
Restricted assets:				
Cash and investments				<u>13,058,360</u>
Total assets				<u>\$ 15,086,786</u>
<u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 13,058,360
Unrestricted				<u>2,028,426</u>
Total net assets				<u>\$ 15,086,786</u>

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

ANDERSON 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	Rainy Day	School Lunch	Textbook Rental	Reading Recovery
<b>Receipts:</b>					
Local sources	\$ 18,322,302	\$ -	\$ 1,604,047	\$ -	\$ 12,893
Intermediate sources	530	-	-	-	-
State sources	51,558,851	-	27,807	-	10,000
Federal sources	685,643	-	2,920,064	-	-
Temporary loans	3,842,992	-	-	-	-
Interfund loans	1,000,000	-	-	-	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>75,410,318</b>	<b>-</b>	<b>4,551,918</b>	<b>-</b>	<b>22,893</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	45,233,288	-	-	-	(125)
Support services	17,887,278	-	-	639,072	21,254
Noninstructional services	949,648	-	4,509,932	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	16,118,920	-	-	-	-
Nonprogrammed charges	188,291	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total disbursements</b>	<b>80,377,425</b>	<b>-</b>	<b>4,509,932</b>	<b>639,072</b>	<b>21,129</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(4,967,107)</b>	<b>-</b>	<b>41,986</b>	<b>(639,072)</b>	<b>1,764</b>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	118,260	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(1,461,981)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,343,721)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(6,310,828)</b>	<b>-</b>	<b>41,986</b>	<b>(639,072)</b>	<b>1,764</b>
<b>Cash and investments - beginning</b>	<b>(383,121)</b>	<b>264,227</b>	<b>534,554</b>	<b>1,030,388</b>	<b>183,700</b>
<b>Cash and investments - ending</b>	<b><u>\$ (6,693,949)</u></b>	<b><u>\$ 264,227</u></b>	<b><u>\$ 576,540</u></b>	<b><u>\$ 391,316</u></b>	<b><u>\$ 185,464</u></b>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
Net assets of governmental activities					
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ (6,693,949)</u>	<u>\$ 264,227</u>	<u>\$ 576,540</u>	<u>\$ 391,316</u>	<u>\$ 185,464</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ (6,693,949)</u>	<u>\$ 264,227</u>	<u>\$ 576,540</u>	<u>\$ 391,316</u>	<u>\$ 185,464</u>

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

ANDERSON 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  
(Continued)

	Debt Service	Capital Projects	High School Remodeling Phase II	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 9,593,406	\$ 7,588,196	\$ -	\$ 10,207,710	\$ 47,328,554
Intermediate sources	-	-	-	-	530
State sources	-	-	-	2,392,305	53,988,963
Federal sources	-	-	-	13,138,563	16,744,270
Temporary loans	6,988,441	4,625,974	-	4,643,254	20,100,661
Interfund loans	-	-	-	-	1,000,000
Other	-	-	-	5,815	5,815
	<b>16,581,847</b>	<b>12,214,170</b>	<b>-</b>	<b>30,387,647</b>	<b>139,168,793</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	9,238,044	54,471,207
Support services	78,064	5,638,212	-	8,933,249	33,197,129
Noninstructional services	-	-	-	119,401	5,578,981
Facilities acquisition and construction	-	2,941,367	(822,653)	-	2,118,714
Debt services	13,228,913	4,596,708	-	7,590,407	41,534,948
Nonprogrammed charges	-	-	-	1,309,645	1,497,936
Interfund loans	-	-	-	1,000,000	1,000,000
	<b>13,306,977</b>	<b>13,176,287</b>	<b>(822,653)</b>	<b>28,190,746</b>	<b>139,398,915</b>
Excess (deficiency) of receipts over disbursements	<b>3,274,870</b>	<b>(962,117)</b>	<b>822,653</b>	<b>2,196,901</b>	<b>(230,122)</b>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	20,316	-	20,316
Sale of capital assets	-	-	-	-	118,260
Transfers in	-	-	-	2,035,814	2,035,814
Transfers out	-	-	-	(573,833)	(2,035,814)
	<b>-</b>	<b>-</b>	<b>20,316</b>	<b>1,461,981</b>	<b>138,576</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<b>3,274,870</b>	<b>(962,117)</b>	<b>842,969</b>	<b>3,658,882</b>	<b>(91,546)</b>
Cash and investments - beginning	<b>(3,805,428)</b>	<b>1,100,661</b>	<b>(1,404,170)</b>	<b>48,282</b>	<b>(2,430,907)</b>
Cash and investments - ending	<b>\$ (530,558)</b>	<b>\$ 138,544</b>	<b>\$ (561,201)</b>	<b>\$ 3,707,164</b>	<b>(2,522,453)</b>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<b>11,829,460</b>
Net assets of governmental activities					<b>\$ 9,307,007</b>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<b>\$ (530,558)</b>	<b>\$ 138,544</b>	<b>\$ (561,201)</b>	<b>\$ 3,707,164</b>	<b>\$ (2,522,453)</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<b>\$ (530,558)</b>	<b>\$ 138,544</b>	<b>\$ (561,201)</b>	<b>\$ 3,707,164</b>	<b>\$ (2,522,453)</b>

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

ANDERSON 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	Rainy Day	School Lunch	Textbook Rental	Reading Recovery	Title I
<b>Receipts:</b>						
Local sources	\$ 1,943,373	\$ -	\$ 1,414,472	\$ -	\$ 18,100	\$ -
State sources	60,434,712	-	25,786	1,126,585	-	-
Federal sources	758,831	-	3,116,693	-	-	3,223,558
Temporary loans	3,549,141	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	4,439	-	-	-	-	-
<b>Total receipts</b>	<b>66,690,496</b>	<b>-</b>	<b>4,556,951</b>	<b>1,126,585</b>	<b>18,100</b>	<b>3,223,558</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	41,163,468	-	-	-	-	2,008,112
Support services	14,134,805	-	-	366,579	(4,517)	804,495
Noninstructional services	788,451	-	4,430,499	-	-	34,898
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	3,849,488	-	-	-	-	-
Nonprogrammed charges	108,086	-	-	-	-	-
Interfund loans	1,000,000	-	-	-	-	-
<b>Total disbursements</b>	<b>61,044,298</b>	<b>-</b>	<b>4,430,499</b>	<b>366,579</b>	<b>(4,517)</b>	<b>2,847,505</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>5,646,198</b>	<b>-</b>	<b>126,452</b>	<b>760,006</b>	<b>22,617</b>	<b>376,053</b>
<b>Other financing sources (uses):</b>						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	121,850	-	-	-	-	-
Transfers in	-	-	-	-	-	352,006
Transfers out	(1,718,882)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,597,032)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>352,006</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>4,049,166</b>	<b>-</b>	<b>126,452</b>	<b>760,006</b>	<b>22,617</b>	<b>728,059</b>
Cash and investments - beginning	(6,693,951)	264,227	576,540	391,316	185,465	-
Cash and investments - ending	<u>\$ (2,644,785)</u>	<u>\$ 264,227</u>	<u>\$ 702,992</u>	<u>\$ 1,151,322</u>	<u>\$ 208,082</u>	<u>\$ 728,059</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:						
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
Net assets of governmental activities						
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ (2,644,785)</u>	<u>\$ 264,227</u>	<u>\$ 702,992</u>	<u>\$ 1,151,322</u>	<u>\$ 208,082</u>	<u>\$ 728,059</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ (2,644,785)</u>	<u>\$ 264,227</u>	<u>\$ 702,992</u>	<u>\$ 1,151,322</u>	<u>\$ 208,082</u>	<u>\$ 728,059</u>

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

ANDERSON 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  
(Continued)

	Debt Service	Capital Projects	High School Remodeling Phase II	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 8,251,813	\$ 5,169,140	\$ 114,452	\$ 7,443,831	\$ 24,355,181
State sources	1,269,968	2,670,868	-	2,637,135	68,165,054
Federal sources	-	-	-	10,142,665	17,241,747
Temporary loans	6,348,270	3,806,508	-	3,315,570	17,019,489
Interfund loans	-	-	-	1,000,000	1,000,000
Other	-	-	-	5,874	10,313
	<u>15,870,051</u>	<u>11,646,516</u>	<u>114,452</u>	<u>24,545,075</u>	<u>127,791,784</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	8,159,784	51,331,364
Support services	154,429	5,098,884	-	11,085,757	31,640,432
Noninstructional services	-	5,564	-	91,556	5,350,968
Facilities acquisition and construction	-	790,306	417,130	-	1,207,436
Debt services	16,814,280	4,633,794	-	8,298,309	33,595,871
Nonprogrammed charges	-	-	-	2,147,069	2,255,155
Interfund loans	-	-	-	-	1,000,000
	<u>16,968,709</u>	<u>10,528,548</u>	<u>417,130</u>	<u>29,782,475</u>	<u>126,381,226</u>
Excess (deficiency) of receipts over disbursements	<u>(1,098,658)</u>	<u>1,117,968</u>	<u>(302,678)</u>	<u>(5,237,400)</u>	<u>1,410,558</u>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	3,018,473	-	3,018,473
Sale of capital assets	-	-	-	-	121,850
Transfers in	-	-	-	1,726,780	2,078,786
Transfers out	-	-	-	(359,904)	(2,078,786)
	<u>-</u>	<u>-</u>	<u>3,018,473</u>	<u>1,366,876</u>	<u>3,140,323</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,098,658)</u>	<u>1,117,968</u>	<u>2,715,795</u>	<u>(3,870,524)</u>	<u>4,550,881</u>
Cash and investments - beginning	<u>(530,558)</u>	<u>138,544</u>	<u>(561,201)</u>	<u>3,707,163</u>	<u>(2,522,455)</u>
Cash and investments - ending	<u>\$ (1,629,216)</u>	<u>\$ 1,256,512</u>	<u>\$ 2,154,594</u>	<u>\$ (163,361)</u>	<u>2,028,426</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>13,058,360</u>
Net assets of governmental activities					<u>\$ 15,086,786</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ (1,629,216)</u>	<u>\$ 1,256,512</u>	<u>\$ 2,154,594</u>	<u>\$ (163,361)</u>	<u>\$ 2,028,426</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ (1,629,216)</u>	<u>\$ 1,256,512</u>	<u>\$ 2,154,594</u>	<u>\$ (163,361)</u>	<u>\$ 2,028,426</u>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 14,908,252
Miscellaneous	<u>62,255</u>
Total operating receipts	<u>14,970,507</u>
Operating disbursements:	
Insurance claims and expense	<u>16,926,498</u>
Deficiency of operating receipts over operating disbursements	(1,955,991)
Cash and investment fund balance - beginning	<u>13,785,451</u>
Cash and investment fund balance - ending	<u>\$ 11,829,460</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 11,829,460</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 11,829,460</u>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 14,347,792
Miscellaneous	<u>19,859</u>
Total operating receipts	<u>14,367,651</u>
Operating disbursements:	
Insurance claims and expense	<u>13,138,751</u>
Excess of operating receipts over operating disbursements	1,228,900
Cash and investment fund balance - beginning	<u>11,829,460</u>
Cash and investment fund balance - ending	<u>\$ 13,058,360</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 13,058,360</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 13,058,360</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Investment earnings:			
Interest	\$ 54,643	\$ 774	
Deductions:			
Benefits	251,869	-	
Administrative and general	-	100	
Total deductions	251,869	100	
Excess (deficiency) of total additions over total deductions	(197,226)	674	
Cash and investment fund balance - beginning	7,236,865	25,321	
Cash and investment fund balance - ending	\$ 7,039,639	\$ 25,995	\$ 831,723
Net assets:			
Cash and investments	\$ 7,039,639	\$ 25,995	\$ 831,723
Total net assets - cash and investment basis held in trust	\$ 7,039,639	\$ 25,995	\$ 831,723

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Investment earnings:			
Interest	\$ 743	\$ 846	
Deductions:			
Benefits	1,300,516	-	
Administrative and general	-	100	
Total deductions	1,300,516	100	
Excess (deficiency) of total additions over total deductions	(1,299,773)	746	
Cash and investment fund balance - beginning	7,039,639	25,996	
Cash and investment fund balance - ending	\$ 5,739,866	\$ 26,742	\$ 308,790
Net assets:			
Cash and investments	\$ 5,739,866	\$ 26,742	\$ 308,790
Total net assets - cash and investment basis held in trust	\$ 5,739,866	\$ 26,742	\$ 308,790

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

ANDERSON 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: Anderson 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 with the Alexandria Community School Corporation, Blue River Valley School Corporation, and Elwood Community School Corporation in a joint venture to operate the Anderson Community Schools Special Education Cooperative (Cooperative) which was created to provide special education services to eligible students. The Cooperative's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Cooperative can be obtained from the Anderson Community School Corporation, 101 W. 29th Street, Anderson, IN 46016.

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. However, at this time, the School Corporation does not have any business-type activities.

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.

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The school lunch fund accounts for receipts and disbursements related to the food service program.

The textbook rental fund is used to account for receipts and disbursements for the textbook rental program.

The reading recovery fund accounts for receipts and disbursements related to the reading recovery program, which provides training for teachers from this and other school corporations on reading programs and implementations.

The title I fund accounts for receipts and disbursements related to the title I program.

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 high school remodeling phase II fund accounts for the second phase of construction and remodeling of the high schools.

Additionally, the School Corporation reports the following fund types:

The internal service fund (self-insurance fund) is a risk financing fund to account for the risk associated with medical benefits to employees.

The pension trust fund accounts for the activities of retirement/severance benefits, which accumulate resources for pension benefits payments.

The private-purpose trust funds report trust arrangement under which principals and interest benefit the selected students.

The agency fund accounts for assets held by the School Corporation as an agent for outside parties and serve as control accounts for certain cash transactions during the time they are a liability to the School Corporation.

ANDERSON 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

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government Finance). All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 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

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. 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

A. 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

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

B. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2009	2010
General	\$ 6,693,949	\$ 2,644,785
Debt Service	530,558	1,629,216
High School Remodeling Phase II	561,201	-
Special Ed Part B	685,297	-
Special Education	-	102,518
Title II A 2007/08	371,887	-
Special Education ARRA 7953	-	496,800

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the timing of property tax distributions and underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. 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. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$26,604,595. 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.

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ 1,461,981	\$ 1,718,882
Other Governmental Funds	Title I Fund	-	352,006
Other Governmental Funds	Other Governmental Funds	<u>573,833</u>	<u>7,898</u>
Totals		<u>\$ 2,035,814</u>	<u>\$ 2,078,786</u>

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

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; and natural disasters are covered by commercial insurance from independent third parties.

Medical Benefits to Employees

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund.

Settled claims resulting from this risk did not exceed 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 the Anderson 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. Lease payments during the years 2009 and 2010 totaled \$9,231,500 and \$9,234,500, respectively.

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Termination Benefits

An early retirement incentive of \$25,000 was offered to teachers at the end of the 2008-2009 and 2009-2010 school years. Twenty-six teachers retired with this incentive at the end of 2008-2009 and forty-nine retired at the end of 2009-2010. Additionally, payments for accumulated sick days were also made to retiring employees pursuant to the collective bargaining agreement.

D. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

Anderson Community School Corporation Health Insurance Plan (Healthcare Plan) is a defined contribution healthcare plan administered by Anthem Blue Cross/Blue Shield of Indiana. The Healthcare Plan provides health insurance to eligible retirees and their spouses. The collective bargaining agreement assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Anderson Community School Corporation Health Insurance Plan are established by the School Corporation's governing board. The required contribution is any annual premium increase over 8%. For the year ended June 30, 2010, the School Corporation contributed \$1,190,212 to the plan. Plan members receiving benefits contributed \$1,996,267.

E. Subsequent Event – Declining Financial Position

The School Corporation has been especially hard hit in the area of revenue which continues a precipitous drop due in large part to the following conditions:

1. Student enrollment drop of nearly 1,000 students in just this current school year, and a drop of approximately 1,800 students over the last three years.
2. Ongoing reduction in assessed valuation every year over the last ten years.
3. Reduction in tax collection rates to just 92% last year, the lowest ever sustained by the School Corporation and not inclusive of the circuit breaker.
4. Substantial reduction in State Support (approximately \$3.0 million in 2010) due to general economic conditions.
5. An overall reduction in General Fund revenue from nearly \$70 million in 2005 to an expected approximate \$62 million in 2011, due in large part to declining enrollment.
6. A reduction in revenue for all property tax supported funds plus the general fund from \$94.8 million in 2008 to an estimated \$79.5 million in 2011, due in large part to the impact of the circuit breaker.

ANDERSON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a result, the need to address the revenue issue has become critical. Costs have been reduced by approximately \$10 million to date, and serious negotiations between the Anderson Federation of Teachers and the School Corporation over additional cost reductions is currently in progress. With the goal of cost reductions, significant progress has been made and they are vigorously continuing the effort, however the primary source of the fiscal issue is with revenue. Over 200 employees were laid-off last spring which was nearly 25% of the work force, and the administrative staff was reduced by 31%.

Regarding the circuit breaker and its impact on revenue, the losses fall on the property tax supported funds. Debt was established and operations built based on the well established process of relying on legislatively created and imposed mechanisms to fund those expenditures. The School Corporation assumed the debt and provided the services based on the promise from the State of Indiana to allow the funding of those expense commitments via property taxes. That ability has been superseded by legislation and most recently a constitutional amendment limiting the ability to meet those obligations via the previous funding mechanism. To be sure, cost reductions must, and already have, played a role in attempting to resolve this issue, but the debt is fixed and cannot be eliminated, and any restructuring of the debt (should authority be granted for such) would only provide nominal relief.

During the general election of 2010, the School Corporation placed a referendum question on the ballot with the sole purpose of replacing the lost revenue due to the creation of the circuit breaker. That referendum question was defeated.

The School Corporation will sustain a shortfall of revenue in 2010 and beyond for the foreseeable future for the aforementioned reasons. Steps will continue to be taken to reduce costs and pursue increased revenue in order to provide for the long-term viability of the organization.

F. 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:

ANDERSON 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 \$1,030,012.

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 \$2,634,064.

ANDERSON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
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 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool 600	Vocational	Alternative Education	Special Education Equipment	Safe Haven	Early Intervention
<b>Receipts:</b>							
Local sources	\$ 5,049,794	\$ 48,801	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	351,887	-	107,595	-	-	-
Federal sources	-	-	-	-	500	-	-
Temporary loans	2,878,461	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>7,928,255</b>	<b>400,688</b>	<b>-</b>	<b>107,595</b>	<b>500</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	428,503	1,001,265	45,753	500	-	-
Support services	4,037,002	58,466	471,825	10,709	-	-	-
Noninstructional services	-	(3,454)	-	-	-	-	-
Debt services	2,819,463	-	-	-	-	-	-
Nonprogrammed charges	-	-	33,786	-	-	-	-
Interfund loans	1,000,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,856,465</b>	<b>483,515</b>	<b>1,506,876</b>	<b>56,462</b>	<b>500</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>71,790</b>	<b>(82,827)</b>	<b>(1,506,876)</b>	<b>51,133</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	1,461,981	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,461,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>71,790</b>	<b>(82,827)</b>	<b>(44,895)</b>	<b>51,133</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>(38,828)</b>	<b>(186,107)</b>	<b>23,667</b>	<b>117,064</b>	<b>219</b>	<b>(853)</b>	<b>20,367</b>
<b>Cash and investments - ending</b>	<b>\$ 32,962</b>	<b>\$ (268,934)</b>	<b>\$ (21,228)</b>	<b>\$ 168,197</b>	<b>\$ 219</b>	<b>\$ (853)</b>	<b>\$ 20,367</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 32,962	\$ (268,934)	\$ (21,228)	\$ 168,197	\$ 219	\$ (853)	\$ 20,367
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 32,962	\$ (268,934)	\$ (21,228)	\$ 168,197	\$ 219	\$ (853)	\$ 20,367

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

	Miscellaneous Programs 1950	Invest in Anderson	Sallie Mae Grant	Early Intervention	Tanglewood	Guide Corp Elementary Enrich	Co-op Program
<b>Receipts:</b>							
Local sources	\$ -	\$ 1,990	\$ 900	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	36,228	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,990</b>	<b>900</b>	<b>36,228</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	900	-	-	-	-
Support services	-	1,050	-	34,474	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,050</b>	<b>900</b>	<b>34,474</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>940</b>	<b>-</b>	<b>1,754</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>940</b>	<b>-</b>	<b>1,754</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and investments - beginning	1,221	1,811	-	-	3,620	644	1,521
Cash and investments - ending	<u>\$ 1,221</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 1,754</u>	<u>\$ 3,620</u>	<u>\$ 644</u>	<u>\$ 1,521</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 1,221</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 1,754</u>	<u>\$ 3,620</u>	<u>\$ 644</u>	<u>\$ 1,521</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 1,221</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 1,754</u>	<u>\$ 3,620</u>	<u>\$ 644</u>	<u>\$ 1,521</u>

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

	Character Counts 2900	Simon Youth Foundation	Character Counts 2920	Character Counts 2930	Naval Junior ROTC	INSIG 2008/2009	Indiana Math Initiative
<b>Receipts:</b>							
Local sources	\$ 36,659	\$ -	\$ -	\$ 45,370	\$ -	\$ 35,188	\$ 1,875
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	31,483	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>36,659</b>	<b>-</b>	<b>-</b>	<b>45,370</b>	<b>31,483</b>	<b>35,188</b>	<b>1,875</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	(566)	-	-	48,785	-	-
Support services	4,043	-	-	689	-	34,412	-
Noninstructional services	7,095	-	(620)	6,297	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,138</b>	<b>(566)</b>	<b>(620)</b>	<b>6,986</b>	<b>48,785</b>	<b>34,412</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>25,521</b>	<b>566</b>	<b>620</b>	<b>38,384</b>	<b>(17,302)</b>	<b>776</b>	<b>1,875</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>25,521</b>	<b>566</b>	<b>620</b>	<b>38,384</b>	<b>(17,302)</b>	<b>776</b>	<b>1,875</b>
Cash and investments - beginning	(329)	(566)	(620)	(38,384)	(9,112)	-	1,171
<b>Cash and investments - ending</b>	<b>\$ 25,192</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (26,414)</b>	<b>\$ 776</b>	<b>\$ 3,046</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 25,192	\$ -	\$ -	\$ -	\$ (26,414)	\$ 776	\$ 3,046
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 25,192	\$ -	\$ -	\$ -	\$ (26,414)	\$ 776	\$ 3,046

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2009  
 (Continued)

	INSIG 2007/2008	Uniform Closets	Miscellaneous Programs 2990	Gifted and Talented 3040	Gifted and Talented 3050	Gifted and Talented 3060
<b>Receipts:</b>						
Local sources	\$ 57,329	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	70,332
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>57,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,332</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	53	9,114	56,901
Support services	41,029	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>41,029</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>9,114</b>	<b>56,901</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>16,300</b>	<b>-</b>	<b>-</b>	<b>(53)</b>	<b>(9,114)</b>	<b>13,431</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>16,300</b>	<b>-</b>	<b>-</b>	<b>(53)</b>	<b>(9,114)</b>	<b>13,431</b>
Cash and investments - beginning	(16,300)	4,962	1,223	53	9,114	-
Cash and investments - ending	\$ -	\$ 4,962	\$ 1,223	\$ -	\$ -	\$ 13,431
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 4,962	\$ 1,223	\$ -	\$ -	\$ 13,431
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ 4,962	\$ 1,223	\$ -	\$ -	\$ 13,431

ANDERSON 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)

	Non-English Speaking	Technology Plan Grant	Indiana School Improvement	STAR	Learn & Serve America	School Improvement
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ -
State sources	29,232	-	111,865	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>29,232</b>	<b>-</b>	<b>111,878</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,378	-	-	-	-	(76)
Support services	27,824	36,480	61,571	-	-	76
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>30,202</b>	<b>36,480</b>	<b>61,571</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(970)</b>	<b>(36,480)</b>	<b>50,307</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(970)</b>	<b>(36,480)</b>	<b>50,307</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>28,465</b>	<b>137,964</b>	<b>214,596</b>	<b>(1,071)</b>	<b>(3,215)</b>	<b>(9)</b>
<b>Cash and investments - ending</b>	<b>\$ 27,495</b>	<b>\$ 101,484</b>	<b>\$ 264,903</b>	<b>\$ (1,071)</b>	<b>\$ (3,215)</b>	<b>\$ (9)</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 27,495</b>	<b>\$ 101,484</b>	<b>\$ 264,903</b>	<b>\$ (1,071)</b>	<b>\$ (3,215)</b>	<b>\$ (9)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 27,495</b>	<b>\$ 101,484</b>	<b>\$ 264,903</b>	<b>\$ (1,071)</b>	<b>\$ (3,215)</b>	<b>\$ (9)</b>

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 (Continued)

	Fresh Start 3940	Fresh Start 3950	Safe Haven 2008/09	Fresh Start 2008/09	Title I Delinquent 4030	Title I Delinquent 4040
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	37,752	2,788	6,037	-	-
Federal sources	-	-	-	-	-	13,383
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>37,752</b>	<b>2,788</b>	<b>6,037</b>	<b>-</b>	<b>13,383</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	1,834
Support services	-	-	2,788	-	-	-
Noninstructional services	75	37,752	-	8,049	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,076
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>75</b>	<b>37,752</b>	<b>2,788</b>	<b>8,049</b>	<b>-</b>	<b>3,910</b>
Excess (deficiency) of receipts over disbursements	(75)	-	-	(2,012)	-	9,473
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	7,408
Transfers out	-	-	-	-	(7,408)	(6,535)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,408)</b>	<b>873</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75)	-	-	(2,012)	(7,408)	10,346
Cash and investments - beginning	-	-	-	-	7,408	(10,346)
Cash and investments - ending	\$ (75)	\$ -	\$ -	\$ (2,012)	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (75)	\$ -	\$ -	\$ (2,012)	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ (75)	\$ -	\$ -	\$ (2,012)	\$ -	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2009  
 (Continued)

	Title I Delinquent 4050	Title I 4110	Title I 4120	Title I Jump Start	Title I School Improvement 4160	Title I School Improvement 4170
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	731,600	23,200
Federal sources	58,632	400,000	3,029,894	7,372	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>58,632</b>	<b>400,000</b>	<b>3,029,894</b>	<b>7,372</b>	<b>731,600</b>	<b>23,200</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	52,611	252,425	2,267,195	5,712	147,583	95,273
Support services	-	125,448	1,016,112	1,500	198,434	57
Noninstructional services	-	5,998	50,672	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	101,502	-	-	-	3,790
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>52,611</b>	<b>485,373</b>	<b>3,333,979</b>	<b>7,212</b>	<b>346,017</b>	<b>99,120</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>6,021</b>	<b>(85,373)</b>	<b>(304,085)</b>	<b>160</b>	<b>385,583</b>	<b>(75,920)</b>
<b>Other financing sources (uses):</b>						
Transfers in	6,535	-	551,902	-	-	-
Transfers out	-	(551,902)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>6,535</b>	<b>(551,902)</b>	<b>551,902</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>12,556</b>	<b>(637,275)</b>	<b>247,817</b>	<b>160</b>	<b>385,583</b>	<b>(75,920)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>637,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,920</b>
<b>Cash and investments - ending</b>	<b>\$ 12,556</b>	<b>\$ -</b>	<b>\$ 247,817</b>	<b>\$ 160</b>	<b>\$ 385,583</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 12,556</b>	<b>\$ -</b>	<b>\$ 247,817</b>	<b>\$ 160</b>	<b>\$ 385,583</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 12,556</b>	<b>\$ -</b>	<b>\$ 247,817</b>	<b>\$ 160</b>	<b>\$ 385,583</b>	<b>\$ -</b>

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 (Continued)

	Title V Part A	Homeless Assistance	Special Education 5240	Special Ed Part B 5250	Special Ed Part B 5260	Special Ed Part B 5270
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	18,360	59,141	-	-	210,016	3,171,000
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>18,360</b>	<b>59,141</b>	<b>-</b>	<b>-</b>	<b>210,016</b>	<b>3,171,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	(832)	-	52,367	2,502,166
Support services	11,910	-	-	(29,032)	37,981	402,346
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	47,869	-	-	56,529	951,785
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,910</b>	<b>47,869</b>	<b>(832)</b>	<b>(29,032)</b>	<b>146,877</b>	<b>3,856,297</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>6,450</b>	<b>11,272</b>	<b>832</b>	<b>29,032</b>	<b>63,139</b>	<b>(685,297)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(7,988)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,988)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>6,450</b>	<b>11,272</b>	<b>832</b>	<b>29,032</b>	<b>55,151</b>	<b>(685,297)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>65,383</b>	<b>(832)</b>	<b>(29,032)</b>	<b>(55,151)</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 6,450</b>	<b>\$ 76,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (685,297)</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 6,450</b>	<b>\$ 76,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (685,297)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 6,450</b>	<b>\$ 76,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (685,297)</b>

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

	Special Education 5290	Special Ed Preschool 5420	Special Ed Preschool 5430	Title Adult Basic	Title III Adult Basic	Adult Education
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	152,923	-	11,410	132,558
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>152,923</b>	<b>-</b>	<b>11,410</b>	<b>132,558</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	(20,930)	104,986	394	1,611	42,664
Support services	6,552	(1,592)	12,539	-	10,983	82,744
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	52,955	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,552</b>	<b>(22,522)</b>	<b>170,480</b>	<b>394</b>	<b>12,594</b>	<b>125,408</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(6,552)</b>	<b>22,522</b>	<b>(17,557)</b>	<b>(394)</b>	<b>(1,184)</b>	<b>7,150</b>
<b>Other financing sources (uses):</b>						
Transfers in	7,988	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>7,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,436</b>	<b>22,522</b>	<b>(17,557)</b>	<b>(394)</b>	<b>(1,184)</b>	<b>7,150</b>
Cash and investments - beginning	-	(22,522)	-	(2,052)	1,184	-
Cash and investments - ending	<u>\$ 1,436</u>	<u>\$ -</u>	<u>\$ (17,557)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 7,150</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 1,436</u>	<u>\$ -</u>	<u>\$ (17,557)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 7,150</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 1,436</u>	<u>\$ -</u>	<u>\$ (17,557)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 7,150</u>

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2009  
 (Continued)

	Safe & Drug- Free Schools 5800	Safe & Drug- Free Schools 5860	Title IV Part A	Title II A 2007/08	Title II A 2008-09	Title II Part D
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	238,185	467,050	-
Federal sources	61,544	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>61,544</b>	<b>-</b>	<b>-</b>	<b>238,185</b>	<b>467,050</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	572,026	205,442	-
Support services	11,695	-	45,465	15,826	24,539	-
Noninstructional services	-	-	1,451	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,738	21,735	19,687	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,695</b>	<b>-</b>	<b>48,654</b>	<b>609,587</b>	<b>249,668</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>49,849</b>	<b>-</b>	<b>(48,654)</b>	<b>(371,402)</b>	<b>217,382</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>49,849</b>	<b>-</b>	<b>(48,654)</b>	<b>(371,402)</b>	<b>217,382</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>(126)</b>	<b>48,654</b>	<b>(485)</b>	<b>(217,382)</b>	<b>(4,115)</b>
<b>Cash and investments - ending</b>	<b>\$ 49,849</b>	<b>\$ (126)</b>	<b>\$ -</b>	<b>\$ (371,887)</b>	<b>\$ -</b>	<b>\$ (4,115)</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 49,849</b>	<b>\$ (126)</b>	<b>\$ -</b>	<b>\$ (371,887)</b>	<b>\$ -</b>	<b>\$ (4,115)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 49,849</b>	<b>\$ (126)</b>	<b>\$ -</b>	<b>\$ (371,887)</b>	<b>\$ -</b>	<b>\$ (4,115)</b>

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2009  
 (Continued)

	English Language Acquisition 6860	English Language Acquisition 6880	Title III English	Teaching American History 7000	Teaching American History 7010	Web Wise Kids
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	178,554
Federal sources	-	49,950	-	265,267	155,982	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>49,950</b>	<b>-</b>	<b>265,267</b>	<b>155,982</b>	<b>178,554</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	11,523	28,949	-	-	-	-
Support services	4,252	122	-	274,942	150,831	178,554
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,775</b>	<b>29,071</b>	<b>-</b>	<b>274,942</b>	<b>150,831</b>	<b>178,554</b>
Excess (deficiency) of receipts over disbursements	(15,775)	20,879	-	(9,675)	5,151	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,775)	20,879	-	(9,675)	5,151	-
Cash and investments - beginning	15,775	(3,346)	4,115	(5,749)	(5,151)	-
Cash and investments - ending	\$ -	\$ 17,533	\$ 4,115	\$ (15,424)	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 17,533	\$ 4,115	\$ (15,424)	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ 17,533	\$ 4,115	\$ (15,424)	\$ -	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2009  
 (Continued)

	Fiscal Stabilization	Pension Debt Service	School Bus Replacement	Insurance Adjustments	Extra-Curricular Reimbursements	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 3,763,888	\$ 1,165,903	\$ -	\$ -	\$ 10,207,710
State sources	-	-	-	-	-	2,392,305
Federal sources	5,309,148	-	-	-	-	13,138,563
Temporary loans	-	1,764,793	-	-	-	4,643,254
Other	-	-	-	2,084	3,731	5,815
<b>Total receipts</b>	<u>5,309,148</u>	<u>5,528,681</u>	<u>1,165,903</u>	<u>2,084</u>	<u>3,731</u>	<u>30,387,647</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,321,535	-	-	-	-	9,238,044
Support services	451,007	-	1,077,596	-	-	8,933,249
Noninstructional services	6,086	-	-	-	-	119,401
Debt services	-	4,770,944	-	-	-	7,590,407
Nonprogrammed charges	-	-	-	1,924	14,269	1,309,645
Interfund loans	-	-	-	-	-	1,000,000
<b>Total disbursements</b>	<u>1,778,628</u>	<u>4,770,944</u>	<u>1,077,596</u>	<u>1,924</u>	<u>14,269</u>	<u>28,190,746</u>
Excess (deficiency) of receipts over disbursements	<u>3,530,520</u>	<u>757,737</u>	<u>88,307</u>	<u>160</u>	<u>(10,538)</u>	<u>2,196,901</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	2,035,814
Transfers out	-	-	-	-	-	(573,833)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,461,981</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,530,520	757,737	88,307	160	(10,538)	3,658,882
Cash and investments - beginning	-	(808,133)	71,814	546	12,342	48,282
Cash and investments - ending	<u>\$ 3,530,520</u>	<u>\$ (50,396)</u>	<u>\$ 160,121</u>	<u>\$ 706</u>	<u>\$ 1,804</u>	<u>\$ 3,707,164</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 3,530,520</u>	<u>\$ (50,396)</u>	<u>\$ 160,121</u>	<u>\$ 706</u>	<u>\$ 1,804</u>	<u>\$ 3,707,164</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 3,530,520</u>	<u>\$ (50,396)</u>	<u>\$ 160,121</u>	<u>\$ 706</u>	<u>\$ 1,804</u>	<u>\$ 3,707,164</u>

ANDERSON COMMUNITY SCHOOL CORPORATION  
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	Transportation Operating	Special Education Preschool 600	Vocational	Alternative Education	Special Education Equipment	Safe Haven	Early Intervention
Receipts:							
Local sources	\$ 3,879,927	\$ 1	\$ -	\$ -	\$ -	\$ 853	\$ -
State sources	203,536	268,523	-	44,535	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	1,592,593	-	-	-	-	-	-
Interfund loans	1,000,000	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>6,676,056</u>	<u>268,524</u>	<u>-</u>	<u>44,535</u>	<u>-</u>	<u>853</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	51,313	1,130,239	24,207	(2,327)	-	-
Support services	3,814,467	(86,992)	481,297	10,795	-	-	-
Noninstructional services	-	35,268	-	-	-	-	-
Debt services	2,883,327	-	-	-	-	-	-
Nonprogrammed charges	-	-	27,743	-	-	-	9,258
Total disbursements	<u>6,697,794</u>	<u>(411)</u>	<u>1,639,279</u>	<u>35,002</u>	<u>(2,327)</u>	<u>-</u>	<u>9,258</u>
Excess (deficiency) of receipts over disbursements	<u>(21,738)</u>	<u>268,935</u>	<u>(1,639,279)</u>	<u>9,533</u>	<u>2,327</u>	<u>853</u>	<u>(9,258)</u>
Other financing sources (uses):							
Transfers in	-	-	1,718,882	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,718,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(21,738)</u>	<u>268,935</u>	<u>79,603</u>	<u>9,533</u>	<u>2,327</u>	<u>853</u>	<u>(9,258)</u>
Cash and investments - beginning	<u>32,962</u>	<u>(268,935)</u>	<u>(21,228)</u>	<u>168,197</u>	<u>219</u>	<u>(853)</u>	<u>20,367</u>
Cash and investments - ending	<u>\$ 11,224</u>	<u>\$ -</u>	<u>\$ 58,375</u>	<u>\$ 177,730</u>	<u>\$ 2,546</u>	<u>\$ -</u>	<u>\$ 11,109</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 11,224</u>	<u>\$ -</u>	<u>\$ 58,375</u>	<u>\$ 177,730</u>	<u>\$ 2,546</u>	<u>\$ -</u>	<u>\$ 11,109</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 11,224</u>	<u>\$ -</u>	<u>\$ 58,375</u>	<u>\$ 177,730</u>	<u>\$ 2,546</u>	<u>\$ -</u>	<u>\$ 11,109</u>

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 For the Year Ended June 30, 2010  
 (Continued)

	Miscellaneous Programs 1950	Invest in Anderson	Early Intervention	Early Literacy Interventions	Tanglewood	Guide Corp Elementary Enrich	Co-op Program
<b>Receipts:</b>							
Local sources	\$ 14,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	76,918	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>14,275</b>	<b>-</b>	<b>-</b>	<b>76,918</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	14,403	-	1,754	56,727	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,403</b>	<b>-</b>	<b>1,754</b>	<b>56,727</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(128)	-	(1,754)	20,191	-	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(128)	-	(1,754)	20,191	-	-	-
Cash and investments - beginning	1,221	2,751	1,754	-	3,620	644	1,521
Cash and investments - ending	\$ 1,093	\$ 2,751	\$ -	\$ 20,191	\$ 3,620	\$ 644	\$ 1,521
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,093	\$ 2,751	\$ -	\$ 20,191	\$ 3,620	\$ 644	\$ 1,521
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 1,093	\$ 2,751	\$ -	\$ 20,191	\$ 3,620	\$ 644	\$ 1,521

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 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Character Counts 2900	Naval Junior ROTC	INSIG 2008/2009	Indiana Math Initiative	Uniform Closets	Miscellaneous Programs 2990	Gifted and Talented 3060
Receipts:							
Local sources	\$ -	\$ -	\$ 15,344	\$ -	\$ -	\$ 127	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	46,309	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>46,309</b>	<b>15,344</b>	<b>-</b>	<b>-</b>	<b>127</b>	<b>-</b>
Disbursements:							
Current:							
Instruction	-	90,834	-	-	-	-	13,431
Support services	-	-	15,146	-	-	-	-
Noninstructional services	25,192	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>25,192</b>	<b>90,834</b>	<b>15,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,431</b>
Excess (deficiency) of receipts over disbursements	(25,192)	(44,525)	198	-	-	127	(13,431)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,192)	(44,525)	198	-	-	127	(13,431)
Cash and investments - beginning	25,192	(26,414)	776	3,046	4,962	1,223	13,431
Cash and investments - ending	\$ -	\$ (70,939)	\$ 974	\$ 3,046	\$ 4,962	\$ 1,350	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ (70,939)	\$ 974	\$ 3,046	\$ 4,962	\$ 1,350	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ (70,939)	\$ 974	\$ 3,046	\$ 4,962	\$ 1,350	\$ -

ANDERSON 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)

	High Ability Grant	Non-English Speaking	Technology Plan Grant	Indiana School Improvement	STAR	Learn & Serve America	School Improvement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	65,892	30,198	-	16,250	1,071	3,215	10
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>65,892</b>	<b>30,198</b>	<b>-</b>	<b>16,250</b>	<b>1,071</b>	<b>3,215</b>	<b>10</b>
Disbursements:							
Current:							
Instruction	55,398	-	-	-	-	-	-
Support services	-	47,668	73,352	83,025	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	28,132	-	-	-	-
<b>Total disbursements</b>	<b>55,398</b>	<b>47,668</b>	<b>101,484</b>	<b>83,025</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	10,494	(17,470)	(101,484)	(66,775)	1,071	3,215	10
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,494	(17,470)	(101,484)	(66,775)	1,071	3,215	10
Cash and investments - beginning	-	27,495	101,484	264,904	(1,071)	(3,215)	(10)
Cash and investments - ending	<u>\$ 10,494</u>	<u>\$ 10,025</u>	<u>\$ -</u>	<u>\$ 198,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 10,494</u>	<u>\$ 10,025</u>	<u>\$ -</u>	<u>\$ 198,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 10,494</u>	<u>\$ 10,025</u>	<u>\$ -</u>	<u>\$ 198,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ANDERSON 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)

	Fresh Start 3940	Fresh Start 2008/09	Title I Delinquent 4050	Title I Delinquent 4060	Title I 4120	Title I Jump Start	Title I School Improvement 4160
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	76	2,412	-	-	-	-	88,400
Federal sources	-	-	9,300	46,538	341,400	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>76</b>	<b>2,412</b>	<b>9,300</b>	<b>46,538</b>	<b>341,400</b>	<b>-</b>	<b>88,400</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	12,379	36,907	134,905	-	241,153
Support services	-	-	-	-	11,468	-	212,975
Noninstructional services	-	400	-	-	(5,493)	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,579	1,457	96,332	-	19,854
<b>Total disbursements</b>	<b>-</b>	<b>400</b>	<b>13,958</b>	<b>38,364</b>	<b>237,212</b>	<b>-</b>	<b>473,982</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>76</b>	<b>2,012</b>	<b>(4,658)</b>	<b>8,174</b>	<b>104,188</b>	<b>-</b>	<b>(385,582)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	7,898	-	-	-
Transfers out	-	-	(7,898)	-	(352,006)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,898)</b>	<b>7,898</b>	<b>(352,006)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>76</b>	<b>2,012</b>	<b>(12,556)</b>	<b>16,072</b>	<b>(247,818)</b>	<b>-</b>	<b>(385,582)</b>
<b>Cash and investments - beginning</b>	<b>(76)</b>	<b>(2,012)</b>	<b>12,556</b>	<b>-</b>	<b>247,818</b>	<b>160</b>	<b>385,582</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,072</b>	<b>\$ -</b>	<b>\$ 160</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,072</b>	<b>\$ -</b>	<b>\$ 160</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,072</b>	<b>\$ -</b>	<b>\$ 160</b>	<b>\$ -</b>

ANDERSON 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)

	Title I School Improvement 4180	Title V Part A	Homeless Assistance	Special Ed Part B 5270	Special Education 5280	Special Education 5290	Special Ed Preschool 5430
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	389,023	-	-	-	-	-	-
Federal sources	-	7,162	-	170,183	3,075,373	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>389,023</b>	<b>7,162</b>	<b>-</b>	<b>170,183</b>	<b>3,075,373</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	80,071	-	(220)	(654,012)	2,042,902	-	(15,755)
Support services	156,249	13,451	3,512	81,899	155,225	1,436	(1,802)
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	161	73,363	57,000	979,764	-	-
<b>Total disbursements</b>	<b>236,320</b>	<b>13,612</b>	<b>76,655</b>	<b>(515,113)</b>	<b>3,177,891</b>	<b>1,436</b>	<b>(17,557)</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>152,703</b>	<b>(6,450)</b>	<b>(76,655)</b>	<b>685,296</b>	<b>(102,518)</b>	<b>(1,436)</b>	<b>17,557</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>152,703</b>	<b>(6,450)</b>	<b>(76,655)</b>	<b>685,296</b>	<b>(102,518)</b>	<b>(1,436)</b>	<b>17,557</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>6,450</b>	<b>76,655</b>	<b>(685,296)</b>	<b>-</b>	<b>1,436</b>	<b>(17,557)</b>
<b>Cash and investments - ending</b>	<b>\$ 152,703</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (102,518)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 152,703	\$ -	\$ -	\$ -	\$ (102,518)	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 152,703	\$ -	\$ -	\$ -	\$ (102,518)	\$ -	\$ -

ANDERSON 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)

	Special Education 5440	Title Adult Basic	Adult Education	Adult Basic Education	Safe & Drug- Free Schools 5800	Safe & Drug- Free Schools 5860
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	136,963	-	-	138,798	51,581	126
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>136,963</b>	<b>-</b>	<b>-</b>	<b>138,798</b>	<b>51,581</b>	<b>126</b>
Disbursements:						
Current:						
Instruction	98,670	-	7,150	28,631	-	-
Support services	11,714	-	-	90,977	52,355	-
Noninstructional services	-	-	-	-	2,002	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	51,533	-	-	-	1,871	-
<b>Total disbursements</b>	<b>161,917</b>	<b>-</b>	<b>7,150</b>	<b>119,608</b>	<b>56,228</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(24,954)	-	(7,150)	19,190	(4,647)	126
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,954)	-	(7,150)	19,190	(4,647)	126
Cash and investments - beginning	-	(2,446)	7,150	-	49,849	(126)
Cash and investments - ending	<u>\$ (24,954)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ 45,202</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ (24,954)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ 45,202</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ (24,954)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ 45,202</u>	<u>\$ -</u>

ANDERSON 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)

	Title II A 2007/08	Title II A 2008-09	Title II Part D	English Language Acquisition 6880	Competitive Technology	Teaching American History 7000
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	476,370	-	-	-	-	-
Federal sources	-	416,844	4,115	23,295	-	157,770
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>476,370</b>	<b>416,844</b>	<b>4,115</b>	<b>23,295</b>	<b>-</b>	<b>157,770</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	33,548	434,387	-	42,804	-	-
Support services	70,948	38,969	-	4,890	-	147,783
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	(13)	-	-	-	4,115	-
<b>Total disbursements</b>	<b>104,483</b>	<b>473,356</b>	<b>-</b>	<b>47,694</b>	<b>4,115</b>	<b>147,783</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>371,887</b>	<b>(56,512)</b>	<b>4,115</b>	<b>(24,399)</b>	<b>(4,115)</b>	<b>9,987</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>371,887</b>	<b>(56,512)</b>	<b>4,115</b>	<b>(24,399)</b>	<b>(4,115)</b>	<b>9,987</b>
Cash and investments - beginning	(371,887)	-	(4,115)	17,532	4,115	(15,424)
Cash and investments - ending	\$ -	\$ (56,512)	\$ -	\$ (6,867)	\$ -	\$ (5,437)
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ (56,512)	\$ -	\$ (6,867)	\$ -	\$ (5,437)
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ (56,512)	\$ -	\$ (6,867)	\$ -	\$ (5,437)

ANDERSON 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)

	Web Wise Kids	Fiscal Stabilization	Title I ARRA	Special Education ARRA 7953	Special Education ARRA 7954	McKinney Homeless
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	58,576	-	-	-	-	-
Federal sources	-	1,876,578	1,234,053	2,239,975	82,922	55,000
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>58,576</b>	<b>1,876,578</b>	<b>1,234,053</b>	<b>2,239,975</b>	<b>82,922</b>	<b>55,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	2,706,010	453,467	1,086,875	-	-
Support services	68,296	2,675,421	703,217	890,833	26,989	-
Noninstructional services	-	25,667	8,520	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	759,067	28,119	322
<b>Total disbursements</b>	<b>68,296</b>	<b>5,407,098</b>	<b>1,165,204</b>	<b>2,736,775</b>	<b>55,108</b>	<b>322</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(9,720)</b>	<b>(3,530,520)</b>	<b>68,849</b>	<b>(496,800)</b>	<b>27,814</b>	<b>54,678</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(9,720)</b>	<b>(3,530,520)</b>	<b>68,849</b>	<b>(496,800)</b>	<b>27,814</b>	<b>54,678</b>
Cash and investments - beginning	-	3,530,520	-	-	-	-
Cash and investments - ending	\$ (9,720)	\$ -	\$ 68,849	\$ (496,800)	\$ 27,814	\$ 54,678
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (9,720)	\$ -	\$ 68,849	\$ (496,800)	\$ 27,814	\$ 54,678
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ (9,720)	\$ -	\$ 68,849	\$ (496,800)	\$ 27,814	\$ 54,678

ANDERSON 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)

	Title I Part D	Pension Debt Service	School Bus Replacement	Insurance Adjustments	Extra-Curricular Reimbursements	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 2,752,966	\$ 780,338	\$ -	\$ -	\$ 7,443,831
State sources	-	912,130	-	-	-	2,637,135
Federal sources	28,380	-	-	-	-	10,142,665
Temporary loans	-	1,722,977	-	-	-	3,315,570
Interfund loans	-	-	-	-	-	1,000,000
Other	-	-	-	3,216	2,658	5,874
<b>Total receipts</b>	<b>28,380</b>	<b>5,388,073</b>	<b>780,338</b>	<b>3,216</b>	<b>2,658</b>	<b>24,545,075</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	26,817	-	-	-	-	8,159,784
Support services	-	-	1,157,310	-	-	11,085,757
Noninstructional services	-	-	-	-	-	91,556
Debt services	-	5,414,982	-	-	-	8,298,309
Nonprogrammed charges	-	-	-	5,194	2,218	2,147,069
<b>Total disbursements</b>	<b>26,817</b>	<b>5,414,982</b>	<b>1,157,310</b>	<b>5,194</b>	<b>2,218</b>	<b>29,782,475</b>
Excess (deficiency) of receipts over disbursements	1,563	(26,909)	(376,972)	(1,978)	440	(5,237,400)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	1,726,780
Transfers out	-	-	-	-	-	(359,904)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,366,876</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,563	(26,909)	(376,972)	(1,978)	440	(3,870,524)
Cash and investments - beginning	-	(50,396)	160,122	706	1,804	3,707,163
Cash and investments - ending	\$ 1,563	\$ (77,305)	\$ (216,850)	\$ (1,272)	\$ 2,244	\$ (163,361)
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,563	\$ (77,305)	\$ (216,850)	\$ (1,272)	\$ 2,244	\$ (163,361)
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 1,563	\$ (77,305)	\$ (216,850)	\$ (1,272)	\$ 2,244	\$ (163,361)

ANDERSON 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

	Amanda Breece Scholarship	Donations and Gifts	Totals
Additions:			
Investment earnings:			
Interest	\$ -	\$ 774	\$ 774
Deductions:			
Administrative and general	100	-	100
Excess (deficiency) of total additions over total deductions	(100)	774	674
Cash and investment fund balance - beginning	2,861	22,460	25,321
Cash and investments - ending	\$ 2,761	\$ 23,234	\$ 25,995
Net assets:			
Cash and investments	\$ 2,761	\$ 23,234	\$ 25,995
Total net assets - cash and investment basis held in trust	\$ 2,761	\$ 23,234	\$ 25,995

ANDERSON 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

	Amanda Breece Scholarship	Donations and Gifts	Totals
Additions:			
Investment earnings:			
Interest	\$ 199	\$ 647	\$ 846
Deductions:			
Administrative and general	100	-	100
Excess of total additions over total deductions	99	647	746
Cash and investment fund balance - beginning	2,761	23,235	25,996
Cash and investments - ending	\$ 2,860	\$ 23,882	\$ 26,742
Net assets:			
Cash and investments	\$ 2,860	\$ 23,882	\$ 26,742
Total net assets - cash and investment basis held in trust	\$ 2,860	\$ 23,882	\$ 26,742

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

	Payroll Clearing
Additions:	
Agency fund additions	\$ 21,787,460
Deductions:	
Agency fund deductions	21,228,461
Excess of total additions over total deductions	558,999
Cash and investment fund balance - beginning	272,725
Cash and investment fund balance - ending	\$ 831,723

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

	Payroll Clearing
Additions:	
Agency fund additions	\$ 25,782,187
Deductions:	
Agency fund deductions	26,305,120
Deficiency of total additions over total deductions	(522,933)
Cash and investment fund balance - beginning	831,723
Cash and investment fund balance - ending	\$ 308,790

ANDERSON 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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 760,000
Infrastructure	1,813,120
Buildings	221,680,662
Machinery and equipment	<u>13,663,045</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 237,916,827</u>

ANDERSON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF 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:		
Schools construction and renovations	\$ 107,835,000	\$ 9,219,322
Loan payable	557,280	190,868
Tax anticipation warrants	17,019,491	17,019,491
Bonds payable:		
General obligation bonds:		
School pension bonds of 2002	5,530,000	912,830
School pension bonds of 2005	<u>32,245,000</u>	<u>2,736,098</u>
<b>Total governmental activities debt</b>	<u><u>\$ 163,186,771</u></u>	<u><u>\$ 30,078,609</u></u>

ANDERSON COMMUNITY SCHOOL CORPORATION  
OTHER REPORTS

The audit report presented herein was prepared in addition to other official reports prepared for the individual School Corporation offices listed below:

Special Education Department – Charge Card Usage

ANDERSON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

BID FOR DAIRY PRODUCTS

The School Corporation advertised in June 2009, their intention to receive sealed bids on June 30, 2009, for dairy products for the upcoming school year. Three dairy companies submitted sealed bids and the bids were opened on June 30, 2009. One vendor's bid was considered nonresponsive because the bid did not contain a quote for a specific dairy product outlined in the bid specifications.

The two remaining bids appeared complete. One of the two bidders was a local dairy; the other an out-of-state dairy who had dairy contracts with other Indiana school corporations. The out-of-state dairy's bid of \$267,732 was lower than the local dairy's bid of \$278,460.

The bids were to be reviewed at the next scheduled Board of Trustees' meeting on July 14, 2009. Minutes taken at that meeting indicate that although the out-of-state company's bid was the lowest; there was much discussion between Board members and School Corporation Officials regarding awarding the contract to the local, higher priced dairy. Some Board members are on record as noting the Board has a statutory obligation to award a contract to the lowest and most responsive bidder. The minutes also indicated the School Corporation Treasurer checked the references of the out-of-state dairy and received very good responses and had no reason to believe the out-of-state company was not a responsible and responsive bidder.

Prior to any Board action or votes, the discussion, as noted in the minutes of the July 14, 2009, meeting, turned to whether or not the School Corporation could re-bid the dairy contract in time for the start of the school year. One Board member asked a representative of the out-of-state dairy who was present at the meeting if he would be opposed to submitting another bid. The minutes indicated the representative responded he would be opposed because "all the numbers were on the table and he thought it would be not fair to do that."

The Board of Trustees voted 6-1 in favor of re-bidding the dairy contract. There was no discussion or Board action recorded in the minutes for rejecting the previously submitted bids. We reviewed the bid specifications and did not note any conditions under which bids could be canceled or rejected as required by IC 5-22-7-2.

Bids were again advertised for dairy products to be received on July 31, 2009, and two bids were received. One of the bids was considered nonresponsive because the bidder did not bid on all items required by the advertised specifications. The lone complete bid was from the local dairy who previously submitted a bid on June 30, 2009, in the amount of \$245,754. At the Board of Trustees' meeting on August 14, 2009, the Board voted unanimously to award the contract to the local dairy.

IC 5-22-7-8 states:

"A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

IC 5-22-7-2(b) states in part:

"An invitation for bids must include the following: . . .

- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under IC 5-22-18-2."

ANDERSON COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

Anderson Community School Corporation Bylaws & Policies 6320 – Purchasing, states in part:

"All orders or contracts shall be awarded to the lowest responsive and responsible bidder."

Each governmental unit is responsible for complying with the ordinances, resolution, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of several funds were overdrawn at June 30, 2009, and 2010. The overdrawn balances ranged in amounts from \$10 to \$6,693,951 with the more significant balances illustrated below:

Fund	2009	2010
General	\$ 6,693,949	\$ 2,644,785
Debt Service	530,558	1,629,216
High School Remodeling Phase II	561,201	-
Special Ed Part B	685,297	-
Special Education	-	102,518
Title II A 2007/08	371,887	-
Special Education ARRA 7953	-	496,800

A similar comment appeared in prior Report B34206 covering the period July 1, 2006 to June 30, 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSPORTATION FUND EXPENDITURES

We noted 10% of the salaries of two administrative employees were paid from the Transportation Fund.

IC 20-40-6-6(a) concerning the School Transportation Fund, states in part:

"(a) The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation-related employees . . .

ANDERSON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

"(b) Percentages or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund."

Many administrative positions have duties and responsibilities that are broad and overlapping and encompass everything that goes on in the school corporation or school building. Therefore, we have consistently been of the audit position that these expenses are normally considered operating expenses properly charged to the general fund in accordance with IC 20-40-2-4 for the operation of the school corporation and not to the transportation fund.

Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and, therefore, payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided. (The School Administrator and Uniform Compliance Guidelines, Volume 157, March 2002)

AVERAGE DAILY MEMBERSHIP (ADM)

The School Corporation collects student enrollment data from reports generated by the computer system. Enrollment reports by school building from the computer system are generated and forwarded to each building's principal for approval. Building principals sign and return the reports to the School Corporation's Administrative Office. The signed enrollment reports presented for audit did not contain any certification as to the accuracy of the information contained in the report. Additionally, signed reports from two schools in 2008-2009 and one school in 2009-2010 were not presented for audit. A similar comment appeared in prior Report B34206.

Officials should maintain all records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level Official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM (written or electronic which is retained for audit) to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 182, June 2008)

ANDERSON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS - UNITED STATES DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

The United States Department of Justice Office of the Inspector General issued a report in November 2009, on a limited scope audit of the School Corporation's Office of Juvenile Justice and Delinquency Prevention Grant 2008-JL-FX-K080. The program audit noted an exception related to an unallowable expenditure and a deficiency related to the filing of required reports.

The program audit noted that all but one of the grant expenditures were allowable. The single unallowable expenditure involved a vendor who was contracted by the School Corporation to supply support in the implementation of the program. The single payment of \$12,000 to the vendor did not contain all the necessary information, such as timesheets or activity reports to document time charges, to adequately support the payment. As such, the audit of the program questioned the \$12,000 due to lack of supporting documentation. The audit report included a response from School Corporation Officials indicating the vendor provided supporting documentation as to the time spent working on the implementation of the grant program subsequent to the federal auditors reviewing the program.

To assess financial reporting, the program audit reviewed the submission of required financial and progress reports and found three were not filed timely. The three reports noted in the audit finding were 6 days, 2 days, and 28 days late, respectively.

The Office of Justice Programs issued a letter on May 18, 2010, to the School Corporation indicating the audit report had been officially closed and no further actions related to the grant were required.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BANK ACCOUNT RECONCILIATIONS (Applies to Anderson High School)

Depository reconciliations of the fund balances to the bank account balances were incorrect. The monthly reconciliations did not take into account investments (certificates of deposit and savings accounts) when attempting to reconcile the ledger balance to the bank accounts. The investments consist of athletic funds and are accounted for in the athletic office. The investment amounts for the Athletic Office did not agree to the amounts the ECA Treasurer had presented for audit. A similar comment appeared in prior Report B34206.

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ANDERSON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

USE OF FORM SA-5 FINANCIAL REPORT (Applies to Anderson High School)

The ending cash balances from one school year did not agree to the beginning cash balances of the succeeding school year as reported on the Financial Reports (Form SA-5) for the 2008-2009 and 2009-2010 school years. A similar comment appeared in prior Report B34206.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTEREST ON INVESTMENTS (Applies to Anderson High School)

Interest earned on investments was automatically added to the investment principal in some instances and not recorded in the accounting ledgers. A similar comment appeared in several prior reports, most recently B34206.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OVERDRAWN CASH BALANCES (Applies to Anderson Elementary School)

The cash balances of seven funds were overdrawn at the end of the 2009-2010 school year. The overdrawn balances ranged from \$7 in the Flower Fund to \$1,351 in the Staff Fund. A similar comment appeared in prior Report B34206.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OPTICAL IMAGES OF CHECKS (Applies to Eastside Elementary School)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

ANDERSON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 ANDERSON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the Anderson 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2.

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

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)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion 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. We consider the deficiencies in internal control over compliance described in item 2010-2 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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, Board of Trustees, 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

January 18, 2011

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 644,414	\$ -
		FY2009	-	757,769
		FY2010	-	-
National School Lunch Program	10.555		2,256,036	-
		FY2009	-	2,630,378
		FY2010	-	-
Total for cluster and federal grantor agency			<u>2,900,450</u>	<u>3,388,147</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Juvenile Justice and Delinquency Prevention - Allocation to States Web Wise Kids	16.540	2008-JL-FX-K080	178,554	68,296
Pass-Through Indiana Criminal Justice Institute Juvenile Justice and Delinquency Prevention - Allocation to States Fresh Start	16.540	08-JF-007	8,049	400
Total for federal grantor agency			<u>186,603</u>	<u>68,696</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
Basic Grant		08-5275	1,037,275	-
Basic Grant		09-5275	3,333,978	587,872
Basic Grant		10-5275	-	2,847,505
School Improvement		08-5275 SI	99,120	-
School Improvement		09-5275 SI	346,018	473,982
School Improvement		10-5275 SI	-	236,320
Total for program			<u>4,816,391</u>	<u>4,145,679</u>
ARRA - Title I Grants to Local Educational Agencies Basic Grant	84.389	10-5275	-	1,165,207
Basic Delinquent Grant		10-5275	-	26,817
Total for program			<u>-</u>	<u>1,192,024</u>
Total for cluster			<u>4,816,391</u>	<u>5,337,703</u>
Special Education Cluster Special Education - Grants to States	84.027			
		14208-002-PN01	154,865	-
		14208-002-PY02	6,552	1,436
		14209-002-PN01	3,341,183	-
		14210-002-PN01	-	3,177,891
Total for program			<u>3,502,600</u>	<u>3,179,327</u>
Special Education - Preschool Grants	84.173			
		45708-002-PY01	170,480	-
		45710-002-PN01	-	161,918
Total for program			<u>170,480</u>	<u>161,918</u>
ARRA - Special Education - Grants to States	84.391			
		14210-002-P01	-	2,736,775

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

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/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>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Special Education Cluster (continued)				
ARRA - Special Education - Preschool Grants	84.392	44410-002-SN01	-	55,108
Total for cluster			<u>3,673,080</u>	<u>6,133,128</u>
Education Technology State Grants Cluster				
Education Technology States Grants	84.318	FY2010	-	4,115
Total for cluster			<u>-</u>	<u>4,115</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	33310-002-SN01	1,778,628	5,407,099
Total for cluster			<u>1,778,628</u>	<u>5,407,099</u>
Direct Grant				
Fund for the Improvement of Education	84.215			
Teaching American History		U215X060306	274,942	147,783
Teaching American History		U215X070054	150,831	-
Total for program			<u>425,773</u>	<u>147,783</u>
Pass-Through Indiana Department of Education				
Adult Education - Basic Grants to States	84.002			
		2007-8001	394	-
		2008-8001	12,594	-
		2009-8001	125,408	7,150
		2010-8001	-	119,608
Total for program			<u>138,396</u>	<u>126,758</u>
Title I State Agency Program for Neglected and Delinquent Children				
	84.013			
		07-5275	7,408	-
		08-5275	10,444	-
		09-5275	52,611	21,856
		10-5275	-	38,364
Total for program			<u>70,463</u>	<u>60,220</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		06-5275	48,654	-
		08-5275	11,696	56,228
Total for program			<u>60,350</u>	<u>56,228</u>
English Language Acquisition Grants				
	84.365			
		FY2008	15,775	-
		62620/59K00	29,072	47,694
Total for program			<u>44,847</u>	<u>47,694</u>

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

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/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>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Improving Teacher Quality State Grants	84.367			
		07-5275	609,587	104,483
		10-5275	<u>249,668</u>	<u>473,355</u>
Total for program			<u>859,255</u>	<u>577,838</u>
Education for Homeless Children and Youth Cluster				
Education for Homeless Children and Youth	84.196			
		FY2009	47,869	-
		FY2010	<u>-</u>	<u>76,655</u>
Total for program			<u>47,869</u>	<u>76,655</u>
ARRA - Education for Homeless Children and Youth	84.387			
		2009-10	<u>-</u>	<u>322</u>
Total for federal grantor agency			<u>11,915,052</u>	<u>17,975,543</u>
Total federal awards expended			<u>\$ 15,002,105</u>	<u>\$ 21,432,386</u>

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

ANDERSON 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 Anderson 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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2009 and 2010:

Program Title	Federal CFDA Number	2009	2010
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	\$ 49,825	\$ -
Special Education Grants to States	84.027	951,785	979,764
Special Education – Preschool Grants	84.173	52,955	51,533
Education for Homeless Children and Youth	84.196	47,869	62,131
ARRA Special Education – Grants to States	84.391	-	958,240
ARRA Special Education – Preschool Grants	84.392	-	35,498

III. 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
School Breakfast Program	10.553	\$ 62,728	\$ 61,830
National School Lunch	10.555	218,087	209,624

ANDERSON 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?	yes

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? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
Special Education Cluster  
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$1,093,035

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters were reportable.

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, PROCUREMENT COMPETITIVE BIDDING

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program; National School Lunch Program  
CFDA Number: 10.553; 10.555  
Pass-Through Entity: Indiana Department of Education  
Award Number and Year: FY 2010

The School Corporation did not award the initial bid for dairy products for the 2008-2009 school year to the lowest responsive and responsible bidder.

A review of the bid process for dairy products to be used in the National School Lunch and School Breakfast Programs revealed the School Corporation accepted bids for dairy products on two occasions. Initially, the School Corporation advertized their intention to receive sealed bids on June 30, 2009. Three dairy companies submitted sealed bids and the bids were opened on June 30, 2009. One vendor's bid was considered nonresponsive because the bid did not contain a quote for a specific dairy product outlined in the bid specifications.

The two remaining bids appeared complete. One of the two bidders was a local dairy; the other an out-of-state dairy who had dairy contracts with other Indiana school corporations. The out-of-state dairy's bid of \$267,732 was lower than the local dairy's bid of \$278,460.

The bids were to be reviewed at the next scheduled Board of Trustees' meeting on July 14, 2009. Minutes taken at that meeting indicate that although the out-of-state company's bid was the lowest; there was much discussion between Board members and School Corporation officials regarding awarding the contract to the local, higher priced dairy. Some Board members are on record as noting the Board has a statutory obligation to award a contract to the lowest and most responsive bidder. The minutes also indicated the School Corporation Treasurer checked the references of the out-of-state dairy and received very good responses and had no reason to believe the out-of-state company was not a responsible and responsive bidder.

Prior to any Board action or votes, the discussion, as noted in the minutes of the July 14, 2009, meeting, turned to whether or not the School Corporation could re-bid the dairy contract in time for the start of the school year. One Board member asked a representative of the out-of-state dairy who was present at the meeting if he would be opposed to submitting another bid. The minutes indicated the representative responded he would be opposed because "all the numbers were on the table and he thought it would be not fair to do that."

The Board of Trustees voted 6-1 in favor of re-bidding the dairy contract. There was no discussion or Board action recorded in the minutes for rejecting the previously submitted bids. We reviewed the bid specifications and did not note any conditions under which bids could be canceled or rejected as required by IC 5-22-7-2.

Bids were again advertised for dairy products to be received on July 31, 2009, and two bids were received. One of the bids was considered nonresponsive because the bidder did not bid on all items required by the advertised specifications. The lone complete bid was from the local dairy who previously submitted a bid on June 30, 2009, in the amount of \$245,754. At the Board of Trustees' meeting on August 14, 2009, the Board voted unanimously to award the contract to the local dairy.

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7CFR 3016.36 (b)(1) states in part:

"Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

7CFR 3016.36 (b)(9) states:

"Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

7CFR 3016.36 (c)(1) states in part:

"All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of 3016.36. Some of the situations considered to be restrictive of competition include but are not limited to:

- (i) Placing unreasonable requirements on firms in order for them to qualify to do business.
- (ii) Requiring unnecessary experience and excessive bonding.
- (iii) Noncompetitive pricing practices between firms or between affiliated companies.
- (iv) Noncompetitive awards to consultants that are on retainer contracts.
- (v) Organizational conflicts of interest.
- (vi) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement, and
- (vii) Any arbitrary action in the procurement process."

7CFR 3016.36 (c)(2) states in part:

"Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws.

7CFR 3016.36 (d)(2) states in part:

"Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

- (ii) If sealed bids are used, the following requirements apply: . . .
  - (D) A firm-fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

By not awarding bids to the lowest responsive and responsible bidders, the School Corporation could incur additional expenses that would be paid from federal funds.

We recommended the School Corporation follow the procurement requirements and award contracts to the lowest responsive and responsible bidders. Additionally, we recommend the School Corporation maintain records sufficient to detail procurement history, including procurement rationale and contractor selection or rejection.

FINDING 2010-2, SIGNIFICANT DEFICIENCY - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education  
Federal Program: Special Education – Grants to States  
CFDA Number: 84.027  
Pass-Through Entity: Indiana Department of Education  
Award Number and Year: 14208-002-PN01, 14208-002-PY02, 14209-002-PN01, 14210-002-PN01

Unallowable costs were charged to the Special Education – Grants to States program. A School Corporation charge card was used by a school employee to make unallowable and unauthorized purchases from a local grocery store that appeared to be personal in nature. School Corporation Officials first became aware of the situation in June 2010, and placed the employee on unpaid administrative leave.

We obtained and reviewed all charge card payments to the grocery store for the period January 1, 2006 through August 10, 2010, that were paid from Special Education Funds. The cash register receipts supporting the payments showed numerous unallowable items that appeared personal in nature. Below is a general listing of the type of unallowable items we noted:

Alcohol (tequila, vodka, beer), books, magazines, meat, laundry detergent, shrimp, gift cards, Mother's Day, Father's Day, and other miscellaneous greeting cards, vitamins, aspirin, toiletries (body wash, lotion, shampoo, toothpaste, ladies deodorant, hairspray), trash bags, toilet paper, flowers, milk, eggs, whole frozen turkey, ham, hearing aid batteries, balloons, light bulbs, diet Sprite, and other miscellaneous grocery items.

The total unallowable costs for the audit period were \$7,560. We also reviewed expenditures from January 1, 2006 to June 30, 2008, and noted another \$3,816 of unallowable grocery store purchases charged to Special Education Funds. Accordingly, we have total questioned costs for the Special Education – Grants to States program of \$11,376, which is the total unallowable activity from January 1, 2006 to June 30, 2010.

7CFR Part 225 OMB Circular A-87, Cost Principal for State, Local, and Indian Tribal Governments, Appendix A, Subpart (C) states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria: . . .

ANDERSON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

e. Be consistent with polices, regulations, and procedures that apply uniformly to both Federal awards and other activities of the government unit. . . .

j. Be adequately documented. . . ."

7CFR Part 225 OMB Circular A-87, Cost Principal for State, Local, and Indian Tribal Governments, Appendix B, states in part:

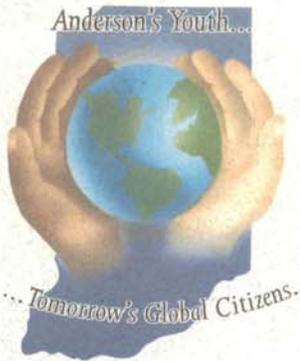
"20. *Goods or services for personal use.* Costs of goods or services for personal use of the governmental unit's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

Internal controls were bypassed which had the effect of providing one employee with grocery items and the cost was charged to the Special Education Program. Therefore, the unallowable costs were not used by the School Corporation to educate students in the Special Education Program.

We recommended that School Corporation Officials take steps necessary to enforce and follow established internal controls to provide reasonable assurance that only allowable costs are charged to the Special Education Program. We also recommended School Corporation Officials communicate and implement consequences for not following established controls.

ANDERSON COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# Anderson Community School Corporation

Kevin J. Brown, Business Manager and Treasurer  
E-mail: kbrown@acsc.net

## CORRECTIVE ACTION PLAN

### FINDING NO. 2010-1 Procurement Competitive Bidding

**Federal Agency:** U.S. Department of Agriculture  
**Federal Program** School Breakfast Program; National School Lunch Program  
**CFDA Number:** 10.553; 10.555  
**Auditee Contact Person:** Kevin J. Brown  
**Title of Contact Person:** Business Manager and Treasurer  
**Phone Number:** (765) 641-2010  
**Expected Completion Date:** 1/18/11

Regarding the bid for dairy products for the 2009-2010 school years, competitive bids were taken according to law and locally established practice. The lowest responsible and responsive bid was recommended to the Board by the administration; however, the Board chose to reject all bids and directed the administration to re-advertise, despite advice to the contrary. The new board which was seated in July of 2010 expressed its desire to award bids to the lowest responsible and responsive bidder, and all potential bidders of dairy products have been notified of this commitment. In the future, the Board will be reminded of the statutory requirements regarding competitive bidding.

### FINDING NO. 2010-2 Allowable Costs/Cost Principles

**Federal Agency:** U.S. Department of Education  
**Federal Program** Special Education – Grants to States  
**CFDA Number:** 84.027  
**Auditee Contact Person:** Kevin J. Brown  
**Title of Contact Person:** Business Manager and Treasurer  
**Phone Number:** (765) 641-2010  
**Expected Completion Date:** 1/18/11

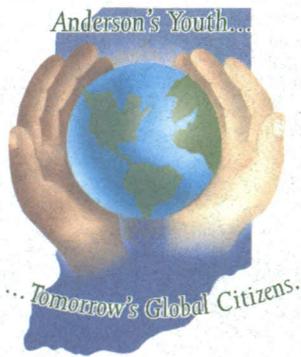
In the noted instance, the employee in question violated corporate procedure by not appropriately maintaining the credit card, securing additional cards without authority, and by misusing the card for personal gain. As a result of these breaches, we have tightened the access to the card and have instituted a 100% required review of all purchases to be performed by the Director of Special Education prior to submission for payment.

Kevin J. Brown, Business Manager and Treasurer

1/18/11  
Date

ANDERSON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2011, with Dr. Scott Green, President of the Board of School Trustees; Dr. Felix Chow, Superintendent of Schools; Kevin Brown, Treasurer/Business Manager; Elizabeth Clark, Human Resources Manager; Dr. Joe Cronk, Director of Operations; and Janet Windlan, Supervisor of Accounting. The official response has been made a part of this report and may be found on pages 78 and 79.



# Anderson Community School Corporation

Kevin J. Brown, Business Manager and Treasurer

E-mail: kbrown@acsc.net

January 24, 2011

Mr. Bruce A. Hartman, C.P.A.  
State Examiner  
Indiana State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, IN 46204-2765

Re: Response to Audit Report  
For the period ended  
June 30, 2010

Dear Mr. Hartman:

This letter is in response to the "Audit Results and Comments" discussion draft discussed in the exit conference on January 18, 2011 of the Anderson Community School Corporation for the audit period ended June 30, 2010.

With regard to the Audit Results and Comments affecting the School Corporation as a whole, the following is submitted:

1. **BID FOR DAIRY PRODUCTS:** Regarding the bid for dairy products for the 2009-2010 school year, competitive bids were taken according to law and locally established practice. The lowest responsible and responsive bid was recommended to the Board by the administration; however, the Board chose to reject all bids and directed the administration to re-advertise, despite advice to the contrary. The new board which was seated in July of 2010 expressed its desire to award bids to the lowest responsible and responsive bidder, and all potential bidders of dairy products have been notified of this commitment. In the future, the Board will be reminded of the statutory requirements regarding competitive bidding.
2. **OVERDRAWN CASH BALANCES:** The overdrawn condition in some instances was due to late distributions of property taxes from the County Treasurer. We at the Anderson Community School Corporation have no input or control over the timing of assessments, tax billings, tax collections, or distributions. We simply operate based on the statutes and expect all other governmental agencies to do the same. In other instances noted, a schedule of draw downs of available funds is submitted for payment. The timing of expenditures does not always match the draw down amounts which can result in a negative balance. Great care is taken to not exceed the needed funds drawn as interest rebate calculations are the result. In the end, the funds balance out and are not overspent. In the future, great attention will be paid to match draw downs with expected expenditures where this process remains. Otherwise, it should be noted that nearly all funds are now on a reimbursement basis, which will ensure a negative balance at any given point in time.
3. **TRANSPORTATION FUND EXPENDITURES:** For quite some time, portions of salaries of certain administrative individuals have been charged to the transportation fund that reflects the time spent by those individuals in administrative transportation related activities. The Anderson Community School Corporation has strictly observed the prohibition of portions of teacher and Principal's salaries being charged to the Transportation fund. However, no such prohibitions exist on portions of other administration personnel. It is noted that no log exists to make such time dedicated to transportation activities auditable. Going forward, the Anderson Community School Corporation will assess the practicality of maintaining such logs that will allow the assignment of such costs to be in compliance with the SBA audit position.

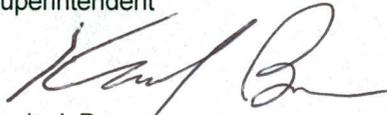
4. **AVERAGE DAILY MEMBERSHIP (ADM)**: Anderson Community Schools collects student enrollment data from PowerSchool student information system. Enrollment reports (ADM) are printed and presented to each building principal for their signature. This signature affirms that the data represented on the reports are true and accurate. This has been the procedure that past audits have asked us to perform. This cycle, a new form was given to us for use. Since this certification form was just given to us, it was not in place for the 2008-09/2009-10 reporting cycles. The 2009-10 reports were located after we were notified by auditors of their non-presentation. They were misfiled and missed when initially asked for. We have altered the reporting and record keeping procedures to ensure proper storage placement of the records for quick retrieval during future requests.
5. **FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS**: Required reports will be timely filed in the future, and all necessary supporting documentation will be secured as required.
6. **BANK ACCOUNT RECONCILIATIONS – (Applies to Anderson High School)**: Extracurricular treasurers will continue to be instructed as to the requirements of accurate depository reconciliations.
7. **USE OF FORM SA-5, FINANCIAL REPORT (Applies to Anderson High School)**: Extracurricular treasurers will continue to be instructed as to the necessity of matching ending cash balances from one school year to the beginning cash balances of the succeeding school year.
8. **INTEREST ON INVESTMENTS (Applies to Anderson High School)**: Extracurricular treasurers will continue to be instructed to properly record interest and not simply add it to the principal. All investments should be reflected in the records. While the accounting for investments could be better documented, we feel all investments are readily determinable.
9. **OVERDRAWN CASH BALANCES (Applies to Anderson Elementary School)**: Extracurricular treasurers will continue to be instructed to not allow individual balances to be overdrawn.
10. **OPTIONAL IMAGES OF CHECKS (Applies to Eastside Elementary School)**: Extracurricular treasurers will continue to be instructed to secure images of both the front and the back of cancelled checks.

Thank you for the opportunity to respond to this audit report.

Sincerely,



Dr. Felix H. Chow  
Superintendent



Kevin J. Brown  
Business Manager and Treasurer

FHC/KJB/at

Cc: Executive Cabinet