

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

AVON COMMUNITY SCHOOL CORPORATION
HENDRICKS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/27/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda J. Stipp	07-01-10 to 06-30-12
	Cheryl A. Leiter	07-01-12 to 12-31-13
Superintendent of Schools	Dr. Timothy Ogle	07-01-10 to 03-23-12
	Dr. Margaret Hoernemann	03-24-12 to 06-30-13
President of the School Board	Gary Brinkman	07-01-10 to 06-30-11
	Kimberly Woodward	07-01-11 to 12-31-12
	Anne Engelhardt	01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Avon Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 10, 2013, 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 10, 2013



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

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

We have audited the financial statement of the Avon Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 10, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 10, 2013

FINANCIAL STATEMENT

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 3,565,903	\$ 47,645,525	\$ 50,325,478	\$ 2,120,312	\$ 3,006,262	\$ 48,140,885	\$ 49,222,656	\$ 250	\$ 1,924,741
Debt Service	3,630,268	24,444,538	22,402,954	(1,844,022)	3,827,830	24,842,433	23,369,237	-	5,301,026
Retirement/Severance Bond Debt Service	264,856	1,020,009	945,007	-	339,858	847,057	918,317	-	268,598
Capital Projects	454,695	5,831,864	5,672,373	30,030	644,216	4,176,531	3,530,693	1,419	1,291,473
School Transportation	1,817,560	5,963,450	5,622,406	(349,176)	1,809,428	5,671,050	5,363,345	-	2,117,133
School Bus Replacement	1,381,052	1,025,094	100,592	(1,087,602)	1,217,952	1,148,607	-	-	2,366,559
Rainy Day	1,900,000	-	1,900,000	3,600,000	3,600,000	-	1,505,514	-	2,094,486
Retirement/Severance Bond	777,883	3,070	64,433	-	716,520	2,004	-	-	718,524
2002 Construction	7,936	-	-	-	7,936	-	-	-	7,936
Construction	-	-	248,110	1,980,000	1,731,890	-	1,703,395	-	28,495
Construction - AIS Pool Renovations	1,233	-	-	-	1,233	-	-	-	1,233
Construction - 2007 MS	-	563,698	-	-	563,698	-	-	-	563,698
School Lunch	761,134	3,674,259	3,948,335	-	487,058	3,690,871	3,641,849	-	536,080
Textbook Rental	1,635,732	831,539	874,968	(2,000,000)	(407,697)	732,922	726,129	-	(400,904)
Levy Excess	-	120,060	-	(120,060)	-	-	-	-	-
Safe School Haven Grant	-	15,000	18,000	-	(3,000)	3,000	-	-	-
Safe Haven Grant 11-12	-	-	-	-	-	20,000	20,000	-	-
Sharon Pinnick Educational	148	-	148	-	-	-	-	-	-
AEF Donation/Gwynn Wills	-	1,436	1,436	-	-	-	-	-	-
Referendum Donations	-	3,860	3,860	-	-	-	-	-	-
Jenny Miller Memorial/Dehart	-	375	-	-	375	-	375	-	-
Jenny Miller Memorial/O'Brien	-	150	-	-	150	-	149	-	1
Jenny Miller Memorial/Isbell	-	250	250	-	-	-	-	-	-
Jenny Miller Memorial/L. Miller	-	224	224	-	-	-	-	-	-
Indiana Youth Institute - HS	-	-	-	-	-	163	163	-	-
Indiana Youth Institute/Maple	-	-	-	-	-	500	-	-	500
AEF Grant - Gwynn Wills	-	-	-	-	-	1,077	1,077	-	-
Lilly Science Education/Kruse	-	-	-	-	-	223	223	-	-
Sustaining/Improving Literacy	-	-	-	-	-	5,500	5,226	-	274
Power of Physics - HS	-	-	-	-	-	1,000	252	-	748
Counselors Care/Maple Elementary	-	-	-	-	-	100	-	-	100
Avon Educational Foundation	131	34,207	34,339	2	1	34,925	34,925	-	1
Lowe's Toolbox for Education	-	4,185	4,185	-	-	-	-	-	-
Japanese-Language Grant	-	49,276	44,972	-	4,304	-	4,304	-	-
Japan Foundation Grant 11-12	-	-	-	-	-	59,507	56,247	-	3,260
Independent Colleges of Indiana	-	-	-	-	-	1,000	966	-	34
ECA Field Trip	-	39,052	29,362	-	9,690	39,288	68,598	-	(19,620)
Smiley Face Club	-	-	-	-	-	500	363	-	137
Kits from Our Hearts/ECA Grant	140	-	140	-	-	-	-	-	-
Black and Gold Advocacy	61	-	61	-	-	-	-	-	-
Kits For Hope	6	-	6	-	-	-	-	-	-
Decorating For Dollars	70	-	70	-	-	-	-	-	-
Jeri Inman Scholarship	10,061	-	1,000	-	9,061	-	1,000	-	8,061
Gibraltar Citizenship Award	1,010	-	69	-	941	-	76	-	865
McCalment Scholarship	893	1,068	1,000	-	961	1,019	1,000	-	980
Autism Advocates of Indiana	61	-	61	-	-	-	-	-	-

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

AVON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Duke Energy Foundation Grant	-	-	-	-	-	1,000	1,000	-	-
Hendricks County Substance Abuse	976	2,000	-	-	2,976	2,000	2,112	-	2,864
YMCA Latchkey Grant	-	20,000	20,000	-	-	40,000	44,000	-	(4,000)
Outdoor Learning Center	9,908	5,084	10,621	-	4,371	21,876	11,643	-	14,604
Joseph Sugg Foundation	540	-	-	-	540	-	-	-	540
Lions Club Donation	1,655	-	360	-	1,295	-	560	-	735
National School Safety and Security	2,500	5,000	7,500	-	-	-	-	-	-
IDEM Clean Diesel Grant	-	43,000	43,000	-	-	-	-	-	-
Higher Ability 2009-10	1,853	-	1,853	-	-	-	-	-	-
Higher Ability 2010-11	-	60,452	51,535	-	8,917	-	8,917	-	-
Higher Ability 2011-12	-	-	-	-	-	59,782	44,655	-	15,127
Making a Difference/HA Grant	13,075	-	13,075	-	-	-	-	-	-
Early Childhood Intervention (First Steps)	-	-	-	-	-	4,755	3,343	-	1,412
Medicaid Reimbursement	-	-	-	-	-	11,833	1,241	-	10,592
2009-10 Non-English Speaking	5,093	-	5,093	-	-	-	-	-	-
2010-11 Non-English Speaking	-	41,634	41,220	-	414	-	414	-	-
2011-12 Non-English Speaking	-	-	-	-	-	32,258	33,069	-	(811)
School Technology	-	9,207	9,207	-	-	8,220	8,220	-	-
Classroom Innovation Grant	-	162,618	162,618	-	-	31,761	31,761	-	-
Excess PTRC Distributions	224,719	-	-	(224,719)	-	-	-	-	-
Indiana CTO Council	-	35,760	30,366	-	5,394	1,867	17,997	-	(10,736)
CTO Council Sponsorships	-	-	-	-	-	26,033	12,895	-	13,138
Title I 2009 - 2010	-	10,098	684	(9,414)	-	-	-	-	-
Title I 2010 - 2011	-	339,662	352,984	-	(13,322)	54,953	19,957	(21,674)	-
Title I 2011 - 2012	-	-	-	-	-	172,268	213,218	21,674	(19,276)
Assistive Technology Grant	-	-	-	-	-	69,900	69,900	-	-
West Central Part B 10-11	-	1,212,683	1,224,421	-	(11,738)	240,739	222,528	-	6,473
West Central Part B 11-12	-	-	-	-	-	1,045,366	1,216,694	-	(171,328)
West Central 11-12 Special Ed	-	-	-	-	-	22,408	26,009	-	(3,601)
Regional Library Meeting Grant	149	-	142	-	7	-	7	-	-
Safe and Drug Free 2008-09	8,601	-	8,601	-	-	-	-	-	-
Drug Free Grant 09-10	6,180	-	2,365	-	3,815	14,507	18,322	-	-
Project Lead the Way	-	27,244	20,954	(8,900)	(2,610)	2,756	146	-	-
Title II Part A 2009-10	24,043	-	23,379	-	664	-	664	-	-
Title II Part A 2010-11	-	86,838	88,351	-	(1,513)	36,553	35,040	-	-
Title III, Language Instruction 2009-10	4,391	-	4,391	-	-	-	-	-	-
Title III, Language Instruction 2010-11	-	34,490	38,675	-	(4,185)	11,010	6,825	-	-
Title III, Language Instruction 2011-12	-	-	-	-	-	32,816	33,731	-	(915)
Special Education - Part B	(41,310)	84,128	33,527	-	9,291	-	9,291	-	-
Special Education - Part B - Preschool	7,975	11,259	19,234	-	-	-	-	-	-
Education Jobs	-	1,485,393	1,485,393	-	-	8,769	24,166	-	(15,397)
Payroll Withholdings	1,950,602	17,554,474	16,052,264	-	3,452,812	17,668,629	17,960,001	-	3,161,440
Totals	\$ 18,431,783	\$ 112,503,213	\$ 111,995,652	\$ 2,086,451	\$ 21,025,795	\$ 109,042,221	\$ 110,254,405	\$ 1,669	\$ 19,815,280

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

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

F. Other Financing Sources and Uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

AVON COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
 1 North Capital Street, Suite 001
 Indianapolis, IN 46204
 Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Restatements

For the fiscal year ended June 30, 2011, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

Fun Name	Balance as Reported June 30, 2010	Fund Restatement	Balance as Reported July 1, 2010
General	\$ 5,065,903	\$ (1,500,000)	\$ 3,565,903
Textbook Rental	135,732	1,500,000	1,635,732

Note 8. Other Postemployment Benefits

The School Corporation offered teachers and administrative staff the option to participate in an early retirement program. Participants of this program agreed to retire early in exchange for a one-time pay-out of \$30,000 which could be paid in cash to the participant or placed in a 403(b) Pension Plan. The benefits offered through the Early Retirement Program pose a liability to the School Corporation. Further information regarding these postemployment benefits can be obtained from the School Corporation.

AVON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Avon 2000 Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2011 and 2012 totaled \$11,309,362 and \$11,228,652, respectively.

The School Corporation has entered into capital leases with the Two Thousand School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2011 and 2012 totaled \$11,021,064 and \$11,997,044, respectively.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	2002 Construction
Cash and investments - beginning	\$ 3,565,903	\$ 3,630,268	\$ 264,856	\$ 454,695	\$ 1,817,560	\$ 1,381,052	\$ 1,900,000	\$ 777,883	\$ 7,936
Receipts:									
Local sources	1,025,995	24,444,538	1,020,009	4,873,426	5,822,871	1,025,094	-	3,070	-
Intermediate sources	181,075	-	-	-	-	-	-	-	-
State sources	46,058,756	-	-	931,697	-	-	-	-	-
Federal sources	2,580	-	-	-	-	-	-	-	-
Other	377,119	-	-	26,741	140,579	-	-	-	-
Total receipts	<u>47,645,525</u>	<u>24,444,538</u>	<u>1,020,009</u>	<u>5,831,864</u>	<u>5,963,450</u>	<u>1,025,094</u>	<u>-</u>	<u>3,070</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	32,356,645	-	-	-	-	-	-	-	-
Support services	17,309,270	-	-	4,254,622	5,622,406	100,592	1,900,000	64,433	-
Noninstructional services	642,563	-	-	-	-	-	-	-	-
Facilities acquisition and construction	17,000	-	-	1,417,751	-	-	-	-	-
Debt services	-	22,402,954	945,007	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>50,325,478</u>	<u>22,402,954</u>	<u>945,007</u>	<u>5,672,373</u>	<u>5,622,406</u>	<u>100,592</u>	<u>1,900,000</u>	<u>64,433</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,679,953)</u>	<u>2,041,584</u>	<u>75,002</u>	<u>159,491</u>	<u>341,044</u>	<u>924,502</u>	<u>(1,900,000)</u>	<u>(61,363)</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	102,000	-	-	4,451	-	-	-	-	-
Transfers in	3,161,164	155,978	-	525,579	150,824	12,398	3,600,000	-	-
Transfers out	(1,142,852)	(2,000,000)	-	(500,000)	(500,000)	(1,100,000)	-	-	-
Total other financing sources (uses)	<u>2,120,312</u>	<u>(1,844,022)</u>	<u>-</u>	<u>30,030</u>	<u>(349,176)</u>	<u>(1,087,602)</u>	<u>3,600,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(559,641)</u>	<u>197,562</u>	<u>75,002</u>	<u>189,521</u>	<u>(8,132)</u>	<u>(163,100)</u>	<u>1,700,000</u>	<u>(61,363)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,006,262</u>	<u>\$ 3,827,830</u>	<u>\$ 339,858</u>	<u>\$ 644,216</u>	<u>\$ 1,809,428</u>	<u>\$ 1,217,952</u>	<u>\$ 3,600,000</u>	<u>\$ 716,520</u>	<u>\$ 7,936</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Construction	Construction - AIS Pool Renovations	Construction - 2007 MS	School Lunch	Textbook Rental	Levy Excess	Safe School Haven Grant	Sharon Pinnick Educational	AEF Donation/ Gwynn Wills
Cash and investments - beginning	\$ -	\$ 1,233	\$ -	\$ 761,134	\$ 1,635,732	\$ -	\$ -	\$ 148	\$ -
Receipts:									
Local sources	-	-	563,698	2,390,148	701,675	-	-	-	1,436
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	48,126	114,894	120,060	15,000	-	-
Federal sources	-	-	-	984,371	-	-	-	-	-
Other	-	-	-	251,614	14,970	-	-	-	-
Total receipts	-	-	563,698	3,674,259	831,539	120,060	15,000	-	1,436
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	283,743	874,968	-	18,000	148	-
Noninstructional services	-	-	-	3,295,351	-	-	-	-	-
Facilities acquisition and construction	248,110	-	-	-	-	-	-	-	1,436
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	369,241	-	-	-	-	-
Total disbursements	248,110	-	-	3,948,335	874,968	-	18,000	148	1,436
Excess (deficiency) of receipts over disbursements	(248,110)	-	563,698	(274,076)	(43,429)	120,060	(3,000)	(148)	-
Other financing sources (uses):									
Proceeds of long-term debt	1,980,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	600,000	-	-	-	-
Transfers out	-	-	-	-	(2,600,000)	(120,060)	-	-	-
Total other financing sources (uses)	1,980,000	-	-	-	(2,000,000)	(120,060)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,731,890	-	563,698	(274,076)	(2,043,429)	-	(3,000)	(148)	-
Cash and investments - ending	\$ 1,731,890	\$ 1,233	\$ 563,698	\$ 487,058	\$ (407,697)	\$ -	\$ (3,000)	\$ -	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Referendum Donations	Jenny Miller Memorial/ Dehart	Jenny Miller Memorial/ Obrien	Jenny Miller Memorial/ Isbell	Jenny Miller Memorial/ L. Miller	Avon Educational Foundation	Lowe's Toolbox for Education	Japanese- Language Grant	ECA Field Trip
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131	\$ -	\$ -	\$ -
Receipts:									
Local sources	3,860	375	150	250	224	32,482	4,185	49,276	39,052
Intermediate sources	-	-	-	-	-	1,725	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,860</u>	<u>375</u>	<u>150</u>	<u>250</u>	<u>224</u>	<u>34,207</u>	<u>4,185</u>	<u>49,276</u>	<u>39,052</u>
Disbursements:									
Current:									
Instruction	-	-	-	250	224	2,478	4,185	44,972	-
Support services	3,860	-	-	-	-	1,856	-	-	29,362
Noninstructional services	-	-	-	-	-	30,005	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>3,860</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>224</u>	<u>34,339</u>	<u>4,185</u>	<u>44,972</u>	<u>29,362</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>375</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>(132)</u>	<u>-</u>	<u>4,304</u>	<u>9,690</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>375</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>-</u>	<u>4,304</u>	<u>9,690</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 4,304</u>	<u>\$ 9,690</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Kits from Our Hearts/ ECA Grant	Black and Gold Advocacy	Kits For Hope	Decorating For Dollars	Jeri Inman Scholarship	Gibraltar Citizenship Award	McCalment Scholarship	Autism Advocates of Indiana
Cash and investments - beginning	\$ 140	\$ 61	\$ 6	\$ 70	\$ 10,061	\$ 1,010	\$ 893	\$ 61
Receipts:								
Local sources	-	-	-	-	-	-	1,068	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	1,068	-
Disbursements:								
Current:								
Instruction	-	12	-	32	-	69	-	61
Support services	140	49	6	38	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,000	-	1,000	-
Total disbursements	140	61	6	70	1,000	69	1,000	61
Excess (deficiency) of receipts over disbursements	(140)	(61)	(6)	(70)	(1,000)	(69)	68	(61)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(140)	(61)	(6)	(70)	(1,000)	(69)	68	(61)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 9,061	\$ 941	\$ 961	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Hendricks County Substance Abuse	YMCA Latchkey Grant	Outdoor Learning Center	Joseph Sugg Foundation	Lions Club Donation	National School Safety and Security	IDEM Clean Diesel Grant	Higher Ability 2009-10
Cash and investments - beginning	\$ 976	\$ -	\$ 9,908	\$ 540	\$ 1,655	\$ 2,500	\$ -	\$ 1,853
Receipts:								
Local sources	2,000	20,000	5,084	-	-	-	43,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	5,000	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	2,000	20,000	5,084	-	-	5,000	43,000	-
Disbursements:								
Current:								
Instruction	-	-	10,621	-	-	-	-	1,853
Support services	-	20,000	-	-	360	7,500	43,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	20,000	10,621	-	360	7,500	43,000	1,853
Excess (deficiency) of receipts over disbursements	2,000	-	(5,537)	-	(360)	(2,500)	-	(1,853)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	42,851	-	-	-	-	-	-
Transfers out	-	(42,851)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,000	-	(5,537)	-	(360)	(2,500)	-	(1,853)
Cash and investments - ending	\$ 2,976	\$ -	\$ 4,371	\$ 540	\$ 1,295	\$ -	\$ -	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Higher Ability 2010-11	Making a Difference/ HA Grant	2009-10 Non-English Speaking	2010-11 Non-English Speaking	School Technology	Classroom Innovation Grant	Excess PTRC Distributions	Indiana CTO Council
Cash and investments - beginning	\$ -	\$ 13,075	\$ 5,093	\$ -	\$ -	\$ -	\$ 224,719	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	35,760
Intermediate sources	-	-	-	-	-	-	-	-
State sources	60,452	-	-	41,634	9,207	162,618	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>60,452</u>	<u>-</u>	<u>-</u>	<u>41,634</u>	<u>9,207</u>	<u>162,618</u>	<u>-</u>	<u>35,760</u>
Disbursements:								
Current:								
Instruction	50,548	13,075	4,138	41,220	-	-	-	-
Support services	987	-	955	-	9,207	12,618	-	30,366
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	150,000	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>51,535</u>	<u>13,075</u>	<u>5,093</u>	<u>41,220</u>	<u>9,207</u>	<u>162,618</u>	<u>-</u>	<u>30,366</u>
Excess (deficiency) of receipts over disbursements	<u>8,917</u>	<u>(13,075)</u>	<u>(5,093)</u>	<u>414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,394</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(224,719)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,719)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,917</u>	<u>(13,075)</u>	<u>(5,093)</u>	<u>414</u>	<u>-</u>	<u>-</u>	<u>(224,719)</u>	<u>5,394</u>
Cash and investments - ending	<u>\$ 8,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,394</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 2009 - 2010	Title I 2010 - 2011	West Central Part B 10-11	Regional Library Meeting Grant	Safe and Drug Free 2008-09	Drug Free Grant 09-10	Project Lead the Way	Title II Part A 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 149	\$ 8,601	\$ 6,180	\$ -	\$ 24,043
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	10,098	339,662	1,212,683	-	-	-	27,244	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>10,098</u>	<u>339,662</u>	<u>1,212,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,244</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	684	347,161	1,224,421	-	5,802	1,181	24,047	23,379
Support services	-	1,603	-	142	2,799	1,184	(3,093)	-
Noninstructional services	-	4,220	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>684</u>	<u>352,984</u>	<u>1,224,421</u>	<u>142</u>	<u>8,601</u>	<u>2,365</u>	<u>20,954</u>	<u>23,379</u>
Excess (deficiency) of receipts over disbursements	<u>9,414</u>	<u>(13,322)</u>	<u>(11,738)</u>	<u>(142)</u>	<u>(8,601)</u>	<u>(2,365)</u>	<u>6,290</u>	<u>(23,379)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(9,414)	-	-	-	-	-	(8,900)	-
Total other financing sources (uses)	<u>(9,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,900)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(13,322)</u>	<u>(11,738)</u>	<u>(142)</u>	<u>(8,601)</u>	<u>(2,365)</u>	<u>(2,610)</u>	<u>(23,379)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (13,322)</u>	<u>\$ (11,738)</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 3,815</u>	<u>\$ (2,610)</u>	<u>\$ 664</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title II Part A 2010-11	Title III Language Instruction 2009-10	Title III Language Instruction 2010-11	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 4,391	\$ -	\$ (41,310)	\$ 7,975	\$ -	\$ 1,950,602	\$ 18,431,783
Receipts:								
Local sources	-	-	-	-	-	-	-	42,108,726
Intermediate sources	-	-	-	-	-	-	-	182,800
State sources	-	-	-	-	-	-	-	47,562,444
Federal sources	86,838	-	34,490	84,128	11,259	1,485,393	-	4,283,746
Other	-	-	-	-	-	-	17,554,474	18,365,497
Total receipts	86,838	-	34,490	84,128	11,259	1,485,393	17,554,474	112,503,213
Disbursements:								
Current:								
Instruction	88,351	4,391	34,711	26,415	-	1,485,393	-	35,796,319
Support services	-	-	3,964	-	19,234	-	-	30,614,319
Noninstructional services	-	-	-	-	-	-	-	3,972,139
Facilities acquisition and construction	-	-	-	-	-	-	-	1,834,297
Debt services	-	-	-	-	-	-	-	23,347,961
Nonprogrammed charges	-	-	-	7,112	-	-	16,052,264	16,430,617
Total disbursements	88,351	4,391	38,675	33,527	19,234	1,485,393	16,052,264	111,995,652
Excess (deficiency) of receipts over disbursements	(1,513)	(4,391)	(4,185)	50,601	(7,975)	-	1,502,210	507,561
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,980,000
Sale of capital assets	-	-	-	-	-	-	-	106,451
Transfers in	-	-	-	-	-	-	-	8,248,796
Transfers out	-	-	-	-	-	-	-	(8,248,796)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,086,451
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,513)	(4,391)	(4,185)	50,601	(7,975)	-	1,502,210	2,594,012
Cash and investments - ending	\$ (1,513)	\$ -	\$ (4,185)	\$ 9,291	\$ -	\$ -	\$ 3,452,812	\$ 21,025,795

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	2002 Construction	Construction
Cash and investments - beginning	\$ 3,006,262	\$ 3,827,830	\$ 339,858	\$ 644,216	\$ 1,809,428	\$ 1,217,952	\$ 3,600,000	\$ 716,520	\$ 7,936	\$ 1,731,890
Receipts:										
Local sources	1,280,711	24,842,433	847,057	4,135,300	5,517,532	1,148,607	-	2,004	-	-
Intermediate sources	550,102	-	-	-	-	-	-	-	-	-
State sources	46,247,623	-	-	-	-	-	-	-	-	-
Federal sources	61,071	-	-	-	-	-	-	-	-	-
Other	1,378	-	-	41,231	153,518	-	-	-	-	-
Total receipts	<u>48,140,885</u>	<u>24,842,433</u>	<u>847,057</u>	<u>4,176,531</u>	<u>5,671,050</u>	<u>1,148,607</u>	<u>-</u>	<u>2,004</u>	<u>-</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	32,188,760	-	-	-	-	-	-	-	-	-
Support services	16,471,224	-	-	2,744,468	5,363,345	-	1,505,514	-	-	-
Noninstructional services	544,147	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	18,525	-	-	786,225	-	-	-	-	-	1,703,395
Debt services	-	23,369,237	918,317	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>49,222,656</u>	<u>23,369,237</u>	<u>918,317</u>	<u>3,530,693</u>	<u>5,363,345</u>	<u>-</u>	<u>1,505,514</u>	<u>-</u>	<u>-</u>	<u>1,703,395</u>
Excess (deficiency) of receipts over disbursements	<u>(1,081,771)</u>	<u>1,473,196</u>	<u>(71,260)</u>	<u>645,838</u>	<u>307,705</u>	<u>1,148,607</u>	<u>(1,505,514)</u>	<u>2,004</u>	<u>-</u>	<u>(1,703,395)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	250	-	-	1,419	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>250</u>	<u>-</u>	<u>-</u>	<u>1,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,081,521)</u>	<u>1,473,196</u>	<u>(71,260)</u>	<u>647,257</u>	<u>307,705</u>	<u>1,148,607</u>	<u>(1,505,514)</u>	<u>2,004</u>	<u>-</u>	<u>(1,703,395)</u>
Cash and investments - ending	<u>\$ 1,924,741</u>	<u>\$ 5,301,026</u>	<u>\$ 268,598</u>	<u>\$ 1,291,473</u>	<u>\$ 2,117,133</u>	<u>\$ 2,366,559</u>	<u>\$ 2,094,486</u>	<u>\$ 718,524</u>	<u>\$ 7,936</u>	<u>\$ 28,495</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Construction - AIS Pool Renovations	Construction - 2007 MS	School Lunch	Textbook Rental	Safe School Haven Grant	Safe Haven Grant 11-12	Jenny Miller Memorial/ Dehart	Jenny Miller Memorial/ Obrien	Indiana Youth Institute - HS	Indiana Youth Institute/ Maple
Cash and investments - beginning	\$ 1,233	\$ 563,698	\$ 487,058	\$ (407,697)	\$ (3,000)	\$ -	\$ 375	\$ 150	\$ -	\$ -
Receipts:										
Local sources	-	-	2,577,340	581,943	-	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-	-	163	-
State sources	-	-	48,377	151,023	3,000	20,000	-	-	-	-
Federal sources	-	-	1,057,989	-	-	-	-	-	-	-
Other	-	-	7,165	(44)	-	-	-	-	-	-
Total receipts	-	-	3,690,871	732,922	3,000	20,000	-	-	163	500
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	375	149	-	-
Support services	-	-	23,742	726,129	-	20,000	-	-	163	-
Noninstructional services	-	-	3,260,696	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	357,411	-	-	-	-	-	-	-
Total disbursements	-	-	3,641,849	726,129	-	20,000	375	149	163	-
Excess (deficiency) of receipts over disbursements	-	-	49,022	6,793	3,000	-	(375)	(149)	-	500
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	49,022	6,793	3,000	-	(375)	(149)	-	500
Cash and investments - ending	\$ 1,233	\$ 563,698	\$ 536,080	\$ (400,904)	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 500

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	AEF Grant - Gwynn Wills	Lilly Science Education/ Kruse	Sustaining/ Improving Literacy	Power of Physics - HS	Counselors Care/ Maple Elementary	Avon Educational Foundation	Lowe's Toolbox for Education	Japanese- Language Grant	Japanese Foundation Grant 11-12	Independent Colleges of Indiana
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 4,304	\$ -	\$ -
Receipts:										
Local sources	1,077	-	5,500	1,000	100	33,537	-	-	59,507	1,000
Intermediate sources	-	223	-	-	-	1,388	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,077</u>	<u>223</u>	<u>5,500</u>	<u>1,000</u>	<u>100</u>	<u>34,925</u>	<u>-</u>	<u>-</u>	<u>59,507</u>	<u>1,000</u>
Disbursements:										
Current:										
Instruction	-	223	5,226	252	-	-	-	4,304	56,247	-
Support services	-	-	-	-	-	1,388	-	-	-	-
Noninstructional services	-	-	-	-	-	33,537	-	-	-	-
Facilities acquisition and construction	1,077	-	-	-	-	-	-	-	-	966
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,077</u>	<u>223</u>	<u>5,226</u>	<u>252</u>	<u>-</u>	<u>34,925</u>	<u>-</u>	<u>4,304</u>	<u>56,247</u>	<u>966</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>274</u>	<u>748</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(4,304)</u>	<u>3,260</u>	<u>34</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>274</u>	<u>748</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(4,304)</u>	<u>3,260</u>	<u>34</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 748</u>	<u>\$ 100</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,260</u>	<u>\$ 34</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	ECA Field Trip	Smiley Face Club	Decorating For Dollars	Jeri Inman Scholarship	Gibraltar Citizenship Award	McCalment Scholarship	Duke Energy Foundation Grant	Hendricks County Substance Abuse	YMCA Latchkey Grant	Outdoor Learning Center
Cash and investments - beginning	\$ 9,690	\$ -	\$ -	\$ 9,061	\$ 941	\$ 961	\$ -	\$ 2,976	\$ -	\$ 4,371
Receipts:										
Local sources	39,288	500	-	-	-	1,019	1,000	2,000	40,000	21,876
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>39,288</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,019</u>	<u>1,000</u>	<u>2,000</u>	<u>40,000</u>	<u>21,876</u>
Disbursements:										
Current:										
Instruction	-	363	-	-	76	-	-	2,112	-	11,206
Support services	68,598	-	-	-	-	-	-	-	44,000	437
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,000	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,000	-	1,000	-	-	-	-
Total disbursements	<u>68,598</u>	<u>363</u>	<u>-</u>	<u>1,000</u>	<u>76</u>	<u>1,000</u>	<u>1,000</u>	<u>2,112</u>	<u>44,000</u>	<u>11,643</u>
Excess (deficiency) of receipts over disbursements	<u>(29,310)</u>	<u>137</u>	<u>-</u>	<u>(1,000)</u>	<u>(76)</u>	<u>19</u>	<u>-</u>	<u>(112)</u>	<u>(4,000)</u>	<u>10,233</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(29,310)</u>	<u>137</u>	<u>-</u>	<u>(1,000)</u>	<u>(76)</u>	<u>19</u>	<u>-</u>	<u>(112)</u>	<u>(4,000)</u>	<u>10,233</u>
Cash and investments - ending	<u>\$ (19,620)</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 8,061</u>	<u>\$ 865</u>	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ 2,864</u>	<u>\$ (4,000)</u>	<u>\$ 14,604</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Joseph Sugg Foundation	Lions Club Donation	Higher Ability 2010-11	Higher Ability 2011-12	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	2010-11 Non-English Speaking	2011-12 Non-English Speaking	School Technology	Classroom Innovation Grant
Cash and investments - beginning	\$ 540	\$ 1,295	\$ 8,917	\$ -	\$ -	\$ -	\$ 414	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	59,782	4,755	11,833	-	32,258	8,220	31,761
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	59,782	4,755	11,833	-	32,258	8,220	31,761
Disbursements:										
Current:										
Instruction	-	-	8,917	31,897	3,343	-	414	33,069	-	-
Support services	-	560	-	12,758	-	1,241	-	-	8,220	31,761
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	560	8,917	44,655	3,343	1,241	414	33,069	8,220	31,761
Excess (deficiency) of receipts over disbursements	-	(560)	(8,917)	15,127	1,412	10,592	(414)	(811)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(560)	(8,917)	15,127	1,412	10,592	(414)	(811)	-	-
Cash and investments - ending	\$ 540	\$ 735	\$ -	\$ 15,127	\$ 1,412	\$ 10,592	\$ -	\$ (811)	\$ -	\$ -

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Indiana CTO Council	CTO Council Sponsorships	Title I 2010 - 2011	Title I 2011 - 2012	Assistive Technology Grant	West Central Part B 10-11	West Central Part B 11-12	West Central 11-12 Special Ed	Regional Library Meeting Grant	Drug Free Grant 09-10
Cash and investments - beginning	\$ 5,394	\$ -	\$ (13,322)	\$ -	\$ -	\$ (11,738)	\$ -	\$ -	\$ 7	\$ 3,815
Receipts:										
Local sources	1,867	26,033	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	54,953	172,268	69,900	240,739	1,045,366	22,408	-	14,507
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,867</u>	<u>26,033</u>	<u>54,953</u>	<u>172,268</u>	<u>69,900</u>	<u>240,739</u>	<u>1,045,366</u>	<u>22,408</u>	<u>-</u>	<u>14,507</u>
Disbursements:										
Current:										
Instruction	-	-	19,957	212,223	69,900	222,528	1,216,694	26,009	-	14,738
Support services	17,997	12,895	-	822	-	-	-	-	7	3,584
Noninstructional services	-	-	-	173	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>17,997</u>	<u>12,895</u>	<u>19,957</u>	<u>213,218</u>	<u>69,900</u>	<u>222,528</u>	<u>1,216,694</u>	<u>26,009</u>	<u>7</u>	<u>18,322</u>
Excess (deficiency) of receipts over disbursements	<u>(16,130)</u>	<u>13,138</u>	<u>34,996</u>	<u>(40,950)</u>	<u>-</u>	<u>18,211</u>	<u>(171,328)</u>	<u>(3,601)</u>	<u>(7)</u>	<u>(3,815)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	21,674	-	-	-	-	-	-
Transfers out	-	-	(21,674)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,674)</u>	<u>21,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,130)</u>	<u>13,138</u>	<u>13,322</u>	<u>(19,276)</u>	<u>-</u>	<u>18,211</u>	<u>(171,328)</u>	<u>(3,601)</u>	<u>(7)</u>	<u>(3,815)</u>
Cash and investments - ending	<u>\$ (10,736)</u>	<u>\$ 13,138</u>	<u>\$ -</u>	<u>\$ (19,276)</u>	<u>\$ -</u>	<u>\$ 6,473</u>	<u>\$ (171,328)</u>	<u>\$ (3,601)</u>	<u>\$ -</u>	<u>\$ -</u>

AVON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Project Lead the Way	Title II Part A 2009-10	Title II Part A 2010-11	Title III Language Instruction 2010-11	Title III Language Instruction 2011-12	Special Education Part B	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (2,610)	\$ 664	\$ (1,513)	\$ (4,185)	\$ -	\$ 9,291	\$ -	\$ 3,452,812	\$ 21,025,795
Receipts:									
Local sources	-	-	-	-	-	-	-	-	41,168,731
Intermediate sources	-	-	-	-	-	-	-	-	551,876
State sources	-	-	-	-	-	-	-	-	46,618,632
Federal sources	2,756	-	36,553	11,010	32,816	-	8,769	-	2,831,105
Other	-	-	-	-	-	-	-	17,668,629	17,871,877
Total receipts	2,756	-	36,553	11,010	32,816	-	8,769	17,668,629	109,042,221
Disbursements:									
Current:									
Instruction	146	664	26,109	4,883	31,731	9,291	24,166	-	34,225,972
Support services	-	-	8,931	1,942	2,000	-	-	-	27,071,726
Noninstructional services	-	-	-	-	-	-	-	-	3,838,553
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,511,188
Debt services	-	-	-	-	-	-	-	-	24,287,554
Nonprogrammed charges	-	-	-	-	-	-	-	17,960,001	18,319,412
Total disbursements	146	664	35,040	6,825	33,731	9,291	24,166	17,960,001	110,254,405
Excess (deficiency) of receipts over disbursements	2,610	(664)	1,513	4,185	(915)	(9,291)	(15,397)	(291,372)	(1,212,184)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	1,669
Transfers in	-	-	-	-	-	-	-	-	21,674
Transfers out	-	-	-	-	-	-	-	-	(21,674)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,669
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,610	(664)	1,513	4,185	(915)	(9,291)	(15,397)	(291,372)	(1,210,515)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (915)	\$ -	\$ (15,397)	\$ 3,161,440	\$ 19,815,280

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
2002 Avon Community SBC 1st Mortgage Refunding Bonds	Refinanced Series 1994 Bond Issue (Sycamore Elementary)	\$ 1,974,000	01-05-03	01-05-16
Avon 2000 CSBC 2004/2005 Refund	Refunding of Series 1996 Bonds	4,803,527	01-10-06	01-10-22
2005 Avon 2000 Community SBC 1st Mortgage Bonds	Construction of Cedar Elementary and Avon High School	4,286,000	01-15-06	01-15-26
2007 Avon Two Thousand SBC Refunding and Improvement Bonds	Construction of Avon Middle School North and Refinance Series 2000, 2001 and 2003 Bonds	8,031,176	01-15-08	01-15-32
2008 Avon Two Thousand SBC 1st Mortgage Bonds	Construction of River Birch Elementary and Avon High Advanced Learning Center and P.E. Expansion	<u>4,933,729</u>	01-15-09	01-15-33
Total of annual lease payments		<u>\$ 24,028,432</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds:			
2005 Avon Community School Corporation Pension Severance General Obligation Bond	Retirement Obligations for School Corporation Employees	\$ 3,100,000	\$ 375,070
2012 Avon Community School Corporation Pension Severance General Obligation Bond	Retirement Obligations for School Corporation Employees	4,270,000	504,661
2010 Avon Community School Corporation Taxable General Obligation Recovery Zone Economic Development Bonds	Construction of Avon Intermediate School East Addition	<u>2,000,000</u>	<u>127,563</u>
Totals		<u>\$ 9,370,000</u>	<u>\$ 1,007,294</u>

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AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 10,117,791
Buildings	246,627,670
Improvements other than buildings	4,085,063
Machinery, equipment and vehicles	<u>260,491,781</u>
Total capital assets	<u>\$ 521,322,305</u>

AVON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PROMOTION ACCOUNT

Avon Community School Corporation has a promotion account included within the School Corporation's General fund. The Indiana Code allows for the school to spend up to one dollar (\$1) per pupil to promote the best interest of the School Corporation. The School Corporation exceeded the allowable expenditures for the 2011 budget year. The School Corporation's prior year pupil enrollment was 8,569 students. Total expenditures for 2011 from the School Corporation's Promotion Account were \$23,580.65. A similar comment appeared in prior Report B38533.

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

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

Indiana Code 20-26-5-4 states in part:

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

CERTIFIED REPORT NOT FILED

Avon Community School Corporation did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts timely for the years 2011 and 2012. The Form 100-R was filed on March 2, 2011, for 2011 and February 23, 2012, for 2012. The report should be filed no later than January 31st of each year.

Indiana Code 5-11-13-1 states, in part:

"Every . . . school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

AVON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TICKET SALES (Applies to Avon Middle School North)

We identified lack of accountability over the ticket sales during our review of the extra-curricular account. We identified the following:

- One instance was identified in which the amount reported on the ticket sale report did not match to the pre-numbered tickets or to the deposited amount. The deposited amount was \$20 more than what was indicated on the ticket sales report.
- During another instance, ticket sales were not accounted for by pre-numbered tickets.
- A third instance was also identified in which the deposited amount was \$19 more than the ticket sale report.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be pre-numbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Avon Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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.

As described in item 2012-1 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Special Test and Provisions that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the period of July 1, 2010 to June 30, 2012. 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 item 2012-2.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1, 2012-2, and 2012-3 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 the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 10, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	3315	\$ 134,318	\$ 173,224
National School Lunch Program	10.555	3315	<u>1,024,421</u>	<u>1,083,998</u>
Total for federal grantor agency			<u>1,158,739</u>	<u>1,257,222</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Department Environmental Management				
ARRA - State Clean Diesel Grant Program, Recovery Act	66.040			
Diesel Wise Indiana		A305-10-4	<u>43,000</u>	<u>-</u>
Total for federal grantor agency			<u>43,000</u>	<u>-</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	10-3315	684	-
		11-3315	352,985	19,957
		12-3315	<u>-</u>	<u>193,942</u>
Total for cluster			<u>353,669</u>	<u>213,899</u>
Pass-Through Metropolitan School District Wayne Township, Marion County				
Special Education Cluster				
Special Education - Grants to States	84.027	14211-063-PN01	1,191,082	221,637
		14212-063-PN01	<u>-</u>	<u>1,045,366</u>
Total for program			<u>1,191,082</u>	<u>1,267,003</u>
Special Education - Preschool Grants	84.173	45711-063-PN01	33,339	892
		45712-063-PN01	<u>-</u>	<u>22,408</u>
Total for program			<u>33,339</u>	<u>23,300</u>
ARRA - Special Education Grants to States, Recovery Act	84.391	3315	<u>84,128</u>	<u>-</u>
ARRA - Special Education Preschool Grants, Recovery Act	84.392	3315	<u>11,259</u>	<u>-</u>
Total for cluster			<u>1,319,808</u>	<u>1,290,303</u>
Pass-Through Indiana Department of Education				
Educational Technology State Grants Cluster				
Educational Technology - State Grants	84.318	S318X080014	<u>142</u>	<u>7</u>
Total for cluster			<u>142</u>	<u>7</u>

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

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended 2011 and 2012
(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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States	84.048	11-3315	27,244	2,756
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	08-3315 09-3315	8,601 -	- 14,507
Total for program			8,601	14,507
Assistive Technology	84.224	12-3315	-	69,900
English Language Acquisition State Grants	84.365	09/10 10/11 11/12	4,391 30,099 -	- 11,010 32,816
Total for program			34,490	43,826
Improving Teacher Quality State Grants	84.367	09/10 10/11	23,379 88,352	664 35,040
Total for program			111,731	35,704
Education Jobs Fund	84.410	3315	1,485,393	8,769
Total for federal grantor agency			3,341,078	1,679,671
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education Medicaid Cluster Medical Assistance Program	93.778	3315	-	19,833
Total for federal grantor agency			-	19,833
Total federal awards expended			\$ 4,542,817	\$ 2,956,726

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Avon Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 154,083	\$ 171,723
School Breakfast Program	10.553	20,291	27,510

AVON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified for all programs except the Child Nutrition Cluster, which was Qualified
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:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FEDERAL FINDING 2012-1, SPECIAL TESTS AND PROVISIONS

Federal Agency: United States Department of Agriculture
Federal Program: National School Lunch Program and School Breakfast Program
CFDA Number: 10.555 and 10.553
Federal Award Number and Year (or Other Identifying Number): FY 2011 and FY 2012
Pass-through Entity: Indiana Department of Education

Deficiencies were identified with Avon Community School Corporation's verification process during the audit of the Child Nutrition Cluster. A coordinated program review of the National School Lunch Program had recently identified that proper internal controls were not in place to ensure that the determination of eligibility was done correctly. During our initial testing, it was identified that 30 percent of the applications tested for verification were not properly verified. Additional testing was conducted based on this error rate, which resulted in the same error rate of 30 percent. In these instances of noncompliance, the verification was conducted; however, the School Corporation did not modify the students' status based on the verification when the status should have been changed.

Due to the magnitude of the non-compliance and weaknesses in internal controls, we have determined this to be a material weakness.

7 CFR 245.6a states in part:

"(j) Adverse action. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first Day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of (1) The change; (2) The reasons for the change; (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision; (4) Instructions on how to appeal; and (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The School Corporation had several deficiencies within its verification process for eligibility which did not allow them to adequately verify the eligibility status of the approved free and reduced price applications selected for verification. Failure to comply with these requirements could result in the School Corporation providing services to children who are not eligible to receive such services.

We recommended that the School Corporation develop procedures and controls to ensure that the verification process is adequately completed and that children are receiving the proper benefits.

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

FINDING 2012-2, REPORTING

Federal Agency: United States Department of Education
Federal Program: Title 1 Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Deficiencies were identified with Avon Community School Corporation's reporting process during the audit of Title I Grants to Local Educational Agencies. Proper internal controls were not in place to ensure that all aspects of the reporting requirements were completed correctly. Based on audit procedures performed, there were 4 instances identified where the individual monthly reimbursement forms were not supported by the School Corporation's records. In 3 instances, supporting documentation was not attached nor could the School Corporation provide us with documentation of the amount of reimbursement requested. In one instance, the reimbursement form or documentation for the reimbursement amount requested was not provided for audit. Without proper supporting documentation, we were unable to determine if these four reports for reimbursement were accurate.

Due to the magnitude of the weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR Part 80.42 states in part:

"(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(c) *Starting date of retention period* —(1) *General.* When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The School Corporation had several deficiencies within its reporting processes which did not allow them to provide adequate supporting documentation for individual monthly reimbursement claims. Failure to comply with these requirements could result in undetected errors which could affect the figures used in future monthly reimbursement claims.

We recommended that the School Corporation should develop procedures and controls to ensure that the reporting processes are adequately completed and that supporting documentation is available for each individual monthly reimbursement claims.

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

FINDING 2012-3, INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: United States Department of Education
Federal Program: Title 1 Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Deficiencies were identified within Avon Community School Corporation's cash management process during the audit of Title I Grants to Local Educational Agencies. Based on audit procedures performed, there were 4 instances identified where the individual monthly reimbursement forms were not supported by the School Corporation's records. In 3 instances, supporting documentation was not attached nor could the School Corporation provide us with documentation of the amount of reimbursement requested. In one instance, the reimbursement form or documentation for the reimbursement amount was not provided for audit. School Corporation officials were unable to determine the exact expenditures related to these four individual reimbursement claims. Using alternate procedures, we were able to determine that the money was spent prior to seeking the reimbursement; however, due to the lack of supporting documentation provided for the reimbursement request, it was determined that controls were not effective for the cash management compliance requirement.

Due to the magnitude of weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR Part 80.21(d) states:

"Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish effective controls related to the cash management compliance requirement of the Title I Program. Supporting documentation should be reviewed by management prior to seeking the reimbursement and should be available for audit for individual reimbursement forms submitted.

AVON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



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Corrective Action Plan

FEDERAL FINDING 2012-1, SPECIAL TESTS AND PROVISIONS

Federal Agency: United States Department of Agriculture
Federal Program: National School Lunch and School Breakfast
CFDA Number: 10.555 and 10.553
Federal Award Number and Year (or Other Identifying Number): FY 2011 and FY 2012
Pass-through Entity: Indiana Department of Education

Deficiencies were identified with Avon Community School Corporation's verification process during the audit of the Child Nutrition Cluster. A coordinated program review of the National School Lunch Program had recently identified that proper internal controls were not in place to ensure that the determination of eligibility was done correctly. During our initial testing, it was identified that 30 percent of the applications tested for verification were not properly verified. Additional testing was conducted based on this error rate, which resulted in the same error rate of 30 percent. In these instances of noncompliance, the verification was conducted; however, the School Corporation did not modify the students' status based on the verification, when the status should have been changed.

Due to the magnitude of the non-compliance and weaknesses in internal controls, we have determined this to be a material weakness.

7 CFR 245.6a states in part:

"(j) Adverse action. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first Day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of (1) The change; (2) The reasons for the change; (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision; (4) Instructions on how to appeal; and (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The School Corporation had several deficiencies within its verification process for eligibility which did not allow them to adequately verify the eligibility status of the approved free and reduced price applications selected for verification. Failure to comply with these requirements could result in the School Corporation providing services to children who are not eligible to receive such services.

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Associate Superintendent

Kent A. DeKoninck, Ph.D.

Assistant Superintendent

Maryanne B. McMahon, Ph.D.

Director

Brock Bowsher

Michael Whitman, Ph.D.

We recommended that the School Corporation should develop procedures and controls to ensure that the verification process is adequately completed and that children are receiving the proper services.

Corrective Action Plan

Avon Community School Corporation (ACSC) did not properly verify the eligibility of the National School Lunch Program eligibility applicants. ACSC has implemented the following measures effective immediately to mitigate similar occurrences of improperly verifying National School Lunch Program applications.

- ACSC will have two staff members review applicants to verify eligibility.
- The ACSC Food Service Administrator and Food Service Assistant Administrator will review the required the National School Lunch Program applications to confirm eligibility. The ACSC Accounting Supervisor/Corporation Treasurer will verify eligibility, if one of the two aforementioned positions are unable to timely verify eligibility.
- ACSC Food Service Administrator will notify households, in writing, that fail the verification confirmation process and receive a reduction or termination of benefits.
- ACSC Food Service Administrator will maintain an annual list of all applicants that fail the verification confirmation process.

FINDING 2012-2. REPORTING

Federal Agency: United States Department of Education
Federal Program: Title 1 Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Deficiencies were identified with Avon Community School Corporation's reporting process during the audit of the Title I federal program. Proper internal controls were not in place to ensure that the reporting was done correctly. Based on audit procedures performed, there were 4 instances identified where the individual monthly reimbursement forms were not supported by the School Corporation's records. In 3 instances, supporting documentation was not attached nor could the School Corporation provide us with documentation of the amount of reimbursement requested. In one instance, the reimbursement form or documentation for the reimbursement amount requested was not provided for audit. Without proper supporting documentation, we were unable to determine if these four reports for reimbursement were accurate.

Due to the magnitude of the weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR Part 80.42 states in part:

"(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(c) *Starting date of retention period – (1) General.* When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The School Corporation had several deficiencies within its reporting processes which did not allow them to provide adequate supporting documentation for individual monthly reimbursement claims. Failure to comply with these requirements could result in undetected errors which could affect the figures used in future monthly reimbursement claims.

We recommended that the School Corporation should develop procedures and controls to ensure that the reporting processes are adequately completed and that supporting documentation is available for each individual monthly reimbursement claims.

Corrective Action Plan

Avon Community School Corporation (ACSC) did not properly provide supporting documentation to substantiate Title I federal program quarterly reports. **All funds were used and used appropriately for Title I services.** ACSC has already implemented processes to eliminate future Title I federal quarterly reporting documentation deficiencies.

- ACSC reviewed the FY 2011 and FY 2012 Title I budgets to confirm funds were used appropriately.

- ACSC Accounting Supervisor/Corporation Treasurer will continue to review monthly Title I federal program expenditures to ensure correct amounts are reported to the Indiana Department of Education.
- ACSC Accounting Supervisor/Corporation Treasurer will continue to attach proper supporting documentation with filed Title I federal program Indiana Department of Education quarterly reports.

FINDING 2012-3 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: United States Department of Education
 Federal Program: Title 1 Grants to Local Educational Agencies
 CFDA Number: 84.010
 Federal Award Number and Year: FY 2011 and FY 2012
 Pass-Through Entity: Indiana Department of Education

Deficiencies were identified within Avon Community School Corporation's cash management process during the audit of the Title I federal program. Based on audit procedures performed, there were 4 instances identified where the individual monthly reimbursement forms were not supported by the School Corporation's records. In 3 instances, supporting documentation was not attached nor could the School Corporation provide us with documentation of the amount of reimbursement requested. In one instance, the reimbursement form or documentation for the reimbursement amount was not provided for audit. School Corporation officials were unable to determine the exact expenditures related to these four individual reimbursement claims. Using alternate procedures, we were able to determine that the money was spent prior to seeking the reimbursement; however, due to the lack of supporting documentation provided for the reimbursement request, it was determined that controls were not effective for the cash management compliance requirement.

Due to the magnitude of weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR Part 80.21(d) states:

"Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with

laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish effective controls related to the cash management compliance requirement of the Title I Program. Supporting documentation should be reviewed by management prior to seeking the reimbursement and should be available for audit for individual reimbursement forms submitted.

Corrective Action Plan

Avon Community School Corporation (ACSC) did not properly provide supporting documentation to substantiate Title I federal monthly reimbursement forms. **All funds were used and used appropriately for Title I services.** ACSC has already implemented processes to eliminate future Title I federal monthly reimbursement reporting documentation deficiencies.

- ACSC reviewed the FY 2011 and FY 2012 Title I budgets to confirm funds were used appropriately.
- ACSC Accounting Supervisor/Corporation Treasurer will continue to review monthly Title I federal program expenditures to ensure correct amounts are requested for reimbursement
- ACSC Accounting Supervisor/Corporation Treasurer will continue to attach proper supporting documentation with filed Title I federal program funding reimbursement requests.

AVON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 10, 2013, with Cheryl A. Leiter, Treasurer; Brock Bowsher, Director of Finance and Operations; Dr. Margaret Hoernemann, Superintendent of Schools; Kimberly Woodward, School Board member; and Anne Engelhardt, President of the School Board. The Official Response has been made a part of this report and may be found on pages 58 and 59.



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January 31, 2013

Indiana State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

**AVON COMMUNITY SCHOOL CORPORATION OFFICIAL RESPONSE TO
AUDIT ENDING JUNE 30, 2012**

In response to the Avon Community School Corporation (ACSC) financial audit for the year ending June 30, 2012, please see comments below:

PROMOTION ACCOUNT

- ACSC has used the promotion account to support its mission and purpose. The corporation has provided appreciation gifts for retiring staff members honoring years of service. ACSC has also provided meals for staff professional development training.

ACSC will review Indiana Code 20-26-5-4 annually during the budget preparation and implementation processes. ACSC Corporation Treasurer will monitor the monthly expenditures from the promotion account. The ACSC Corporation Treasurer will advise the Director of Finance and Operations once the annual promotion budget has been fully expended.

CERTIFIED REPORT NOT FILED

- ACSC submitted the 2013 100R on Monday, January 14, 2013, at 4:57 PM through the Indiana Department of Local Government Finance (DLGF) Gateway reporting system.

ACSC will continue to annually review Indiana Code 5-11-13-1 to submit the report by the required date.

TICKET SALES

- Avon Middle School North has previously implemented a system that each ticket taker is briefed by the school administrator or event manager on the importance of accuracy in collecting gate tickets. The Avon Middle School North Treasurer will continue to provide a reconciliation sheet to each ticket taker for cash collection/ticket reconciliation after each event. The Avon Middle School North Treasurer will continue to reconcile tickets and cash the morning after an event to ensure accuracy. The Avon Middle School North Treasurer will issue a receipt documenting number of tickets issued to the ticket taker, the number of tickets returned unsold and the balance

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remitted in cash. The Avon Middle School North Treasurer will list and account for ticket sales on the SA-4 ticket sales form.

ACSC Corporation Treasurer will remind all buildings at the beginning of each school year to use the SA-4 ticket sales form

- Avon Middle School North will continue to order and use pre-numbered tickets to avoid the use of unidentified-numbered tickets. Avon Middle School North building treasurer will continue to retain duplicate tickets post-event for auditing records.

Respectfully Submitted,



Brock J. Bowsher

Director of Finance & Operations

Avon Community School Corporation

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bjbowsher@avon-schools.org

CC: Dr. Margaret Hoernemann, Superintendent