

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ANDERSON COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
07/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kevin J. Brown	07-01-12 to 06-30-15
Superintendent of Schools	Dr. Felix Chow	07-01-12 to 06-30-13
	Beth Clark (Interim)	07-01-13 to 09-30-13
	Dr. Tim Edsell	10-01-13 to 06-30-14
	Terry L. Thompson	07-01-14 to 06-30-15
President of the School Board	Ben Gale	07-01-12 to 12-31-12
	Jean L. Chaille	01-01-13 to 12-31-13
	Ben Gale	01-01-14 to 12-31-15



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Anderson Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2015, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

May 7, 2015



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Anderson Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated May 7, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

Compliance and Other Matters

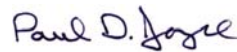
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Anderson Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 7, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

ANDERSON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 12,337,173	\$ 53,904,626	\$ 55,953,546	\$ (699,526)	\$ 9,588,727	\$ 56,811,358	\$ 55,435,767	\$ (6,589,323)	\$ 4,374,995
Debt Service	1,148,964	11,622,217	12,717,411	-	53,770	10,912,909	12,374,536	1,500,163	92,306
Retirement/Severance Bond Debt Service	1,253,315	3,282,563	4,501,530	-	34,348	3,128,428	3,577,841	667,036	251,971
Capital Projects	165,880	5,044,037	5,206,601	-	3,316	6,191,747	8,531,899	2,368,160	31,324
School Transportation	685,593	4,138,303	4,822,959	-	937	5,114,742	6,200,885	1,164,666	79,460
School Bus Replacement	53,479	177,551	156,214	-	74,816	208,815	203,525	-	80,106
Rainy Day	264,227	-	-	-	264,227	-	-	-	264,227
Retirement/Severance Bond	4,396,659	367	95,332	-	4,301,694	257	265,506	-	4,036,445
School Lunch	821,114	4,210,788	4,139,150	-	892,752	4,468,474	4,390,931	-	970,295
Textbook Rental	1,915,929	415,988	115,953	-	2,215,964	604,047	892,274	-	1,927,737
Self-Insurance	20,045,613	9,452,257	10,630,951	-	18,866,919	12,222,630	10,873,211	-	20,216,338
Levy Excess	114,051	-	-	-	114,051	-	-	-	114,051
Joint Services and Supply - Area Vocational School	-	-	699,526	699,526	-	-	899,064	899,064	-
Alternative Education	253,511	81,409	3,208	-	331,712	101,521	25,765	-	407,468
School Library Printed Material	2,546	29,559	33,267	-	(1,162)	23,308	42,054	-	(19,908)
Early Intervention Grant	11,598	-	11,598	-	-	-	-	-	-
Reading Recovery	206,712	31,147	17,409	-	220,450	36,170	31,890	-	224,730
School Intervention and Career Counseling	10	-	10	-	-	-	-	-	-
Amanda K. Breece Scholarship	2,871	4	-	-	2,875	3	-	-	2,878
Invest in Anderson	2,751	-	2,751	-	-	-	-	-	-
Early Literacy Intervention	718	-	718	-	-	-	-	-	-
Tanglewood Donation	3,620	-	3,620	-	-	-	-	-	-
Positive Behavior	197	3,213	2,483	-	927	2,000	860	-	2,067
Guide Corp Elem	644	-	644	-	-	-	-	-	-
Wigwam Facility	-	-	-	-	-	18,824	4,965	-	13,859
Donations/Gifts	24,938	26	-	-	24,964	19	-	-	24,983
Co-op Program	1,521	-	1,521	-	-	-	-	-	-
Naval Junior ROTC	(114,194)	90,061	-	-	(24,133)	53,147	69,022	-	(40,008)
Insig 2008/2009	923	-	923	-	-	-	-	-	-
Indiana Math Initiatives	3,046	-	3,046	-	-	-	-	-	-
Uniform Closets	4,962	-	-	-	4,962	-	-	-	4,962

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

ANDERSON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Miscellaneous Programs II	1,350	-	1,350	-	-	-	-	-	-
High Ability Grant 2011/2012	15,279	-	15,279	-	-	-	-	-	-
High Ability Grant 2012/2013	-	58,439	52,209	-	6,230	-	6,230	-	-
High Ability Grant 2013/2014	-	-	-	-	-	49,489	50,916	-	(1,427)
Non-English Speaking Programs P.L. 273-1999	4,445	32,150	36,595	-	-	33,592	22,251	-	11,341
Performance Based Awards	81,238	-	55,222	-	26,016	-	20,263	-	5,753
Title I Part D 2010/2011	-	-	-	-	-	21,861	21,861	-	-
Title I Part D 2012/2013	(175)	5,989	5,814	-	-	-	-	-	-
Title I Part D 2013/2014	-	33,573	33,573	-	-	908	908	-	-
Title I 2012/2013	(215,142)	3,235,114	3,103,045	-	(83,073)	3,015,265	2,997,752	-	(65,560)
Title I School Improvement	(13,949)	63,356	49,407	-	-	-	-	-	-
Innovative Education Program Strategies Title V (Part A)	-	30,000	30,000	-	-	-	-	-	-
McKinney Vento Education for Homeless 2011/2012	-	14,392	14,392	-	-	-	-	-	-
McKinney Vento Education for Homeless 2012/2013	-	39,042	43,659	-	(4,617)	35,863	31,246	-	-
McKinney Vento Education for Homeless 2013/2014	-	-	-	-	-	19,881	19,881	-	-
Special Ed Part B 2012/2013	(64,470)	1,388,002	1,323,532	-	-	92,672	92,672	-	-
Special Ed Part B 2013/2014	-	863,158	1,057,644	-	(194,486)	2,424,252	2,288,357	-	(58,591)
Special Ed Technical Assistance	-	-	-	-	-	50,791	52,386	-	(1,595)
Special Ed Preschool 2011/2012	(3,194)	5,389	2,195	-	-	-	-	-	-
Special Ed Preschool 2012/2013	-	88,587	88,587	-	-	3,347	3,347	-	-
Special Ed Preschool 2013/2014	-	-	-	-	-	90,458	90,458	-	-
Adult Education 2012/2013	(5,227)	47,730	42,503	-	-	-	-	-	-
Adult Education 2013/2014	-	214,291	283,466	-	(69,175)	285,245	279,772	-	(63,702)
Improving Teaching Quality, No Child Left, Title II, Part A	(10,382)	455,282	462,770	-	(17,870)	465,469	495,430	-	(47,831)
Title III - Language Instruction	(15,052)	63,798	48,746	-	-	69,206	70,547	-	(1,341)
Web Wise Kids	(1,089)	1,089	-	-	-	-	-	-	-
Education Jobs	(3,737)	678,988	675,251	-	-	-	-	-	-
Payroll Clearing	1,509,948	18,114,216	16,894,002	-	2,730,162	17,799,291	19,081,605	-	1,447,848
Totals	<u>\$ 44,888,214</u>	<u>\$ 117,916,701</u>	<u>\$ 123,439,612</u>	<u>\$ -</u>	<u>\$ 39,365,303</u>	<u>\$ 124,355,989</u>	<u>\$ 129,445,877</u>	<u>\$ 9,766</u>	<u>\$ 34,285,181</u>

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

ANDERSON 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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may 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.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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 may 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, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 may include the following:

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.

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.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the timing of grant reimbursements not being received prior to fiscal year end.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with the Anderson School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$9,227,500 and \$9,226,500, respectively.

Note 9. *Postemployment Benefits*

The School Corporation provides postemployment medical insurance benefits to retirees in accordance with Indiana Code 5-10-8. The benefits pose a liability to the School Corporation. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the 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 other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

ANDERSON 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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 12,337,173	\$ 1,148,964	\$ 1,253,315	\$ 165,880	\$ 685,593	\$ 53,479	\$ 264,227	\$ 4,396,659	\$ 821,114	\$ 1,915,929
Receipts:										
Local sources	3,742,459	9,022,217	3,282,563	3,882,188	3,503,303	177,551	-	367	942,425	-
State sources	48,950,728	-	-	-	-	-	-	-	14,590	415,988
Federal sources	1,211,397	-	-	-	-	-	-	-	3,253,773	-
Temporary loans	-	-	-	321,849	-	-	-	-	-	-
Interfund loans	-	2,600,000	-	840,000	635,000	-	-	-	-	-
Other	42	-	-	-	-	-	-	-	-	-
Total receipts	53,904,626	11,622,217	3,282,563	5,044,037	4,138,303	177,551	-	367	4,210,788	415,988
Disbursements:										
Current:										
Instruction	34,453,182	-	-	-	-	-	-	-	-	-
Support services	17,067,688	60,355	-	3,908,140	3,495,025	156,214	-	95,332	-	115,953
Noninstructional services	357,676	-	-	-	-	-	-	-	4,139,150	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	12,657,056	4,501,530	1,298,461	1,327,934	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	4,075,000	-	-	-	-	-	-	-	-	-
Total disbursements	55,953,546	12,717,411	4,501,530	5,206,601	4,822,959	156,214	-	95,332	4,139,150	115,953
Excess (deficiency) of receipts over disbursements	(2,048,920)	(1,095,194)	(1,218,967)	(162,564)	(684,656)	21,337	-	(94,965)	71,638	300,035
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(699,526)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(699,526)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,748,446)	(1,095,194)	(1,218,967)	(162,564)	(684,656)	21,337	-	(94,965)	71,638	300,035
Cash and investments - ending	\$ 9,588,727	\$ 53,770	\$ 34,348	\$ 3,316	\$ 937	\$ 74,816	\$ 264,227	\$ 4,301,694	\$ 892,752	\$ 2,215,964

ANDERSON 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, 2013
(Continued)

	Self- Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Alternative Education	School Library Printed Material	Early Intervention Grant	Reading Recovery	School Intervention and Career Counseling	Amanda K. Breece Scholarship	Invest in Anderson
Cash and investments - beginning	\$ 20,045,613	\$ 114,051	\$ -	\$ 253,511	\$ 2,546	\$ 11,598	\$ 206,712	\$ 10	\$ 2,871	\$ 2,751
Receipts:										
Local sources	9,452,257	-	-	-	-	-	90	-	4	-
State sources	-	-	-	81,409	29,559	-	31,057	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	9,452,257	-	-	81,409	29,559	-	31,147	-	4	-
Disbursements:										
Current:										
Instruction	-	-	519,191	3,208	33,267	11,598	-	-	-	-
Support services	236,694	-	180,335	-	-	-	17,409	10	-	2,751
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	10,394,257	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,630,951	-	699,526	3,208	33,267	11,598	17,409	10	-	2,751
Excess (deficiency) of receipts over disbursements	(1,178,694)	-	(699,526)	78,201	(3,708)	(11,598)	13,738	(10)	4	(2,751)
Other financing sources (uses):										
Transfers in	-	-	699,526	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	699,526	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,178,694)	-	-	78,201	(3,708)	(11,598)	13,738	(10)	4	(2,751)
Cash and investments - ending	\$ 18,866,919	\$ 114,051	\$ -	\$ 331,712	\$ (1,162)	\$ -	\$ 220,450	\$ -	\$ 2,875	\$ -

ANDERSON 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, 2013
 (Continued)

	Early Literacy Intervention	Tanglewood Donation	Positive Behavior	Guide Corp Elem	Wigwam Facility	Donations/ Gifts	Co-op Program	Naval Junior ROTC	Insig 2008/2009	Indiana Math Initiatives
Cash and investments - beginning	\$ 718	\$ 3,620	\$ 197	\$ 644	\$ -	\$ 24,938	\$ 1,521	\$ (114,194)	\$ 923	\$ 3,046
Receipts:										
Local sources	-	-	3,213	-	-	26	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	58,078	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	31,983	-	-
Total receipts	-	-	3,213	-	-	26	-	90,061	-	-
Disbursements:										
Current:										
Instruction	-	-	-	644	-	-	1,521	-	-	-
Support services	718	3,620	2,483	-	-	-	-	-	923	3,046
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	718	3,620	2,483	644	-	-	1,521	-	923	3,046
Excess (deficiency) of receipts over disbursements	(718)	(3,620)	730	(644)	-	26	(1,521)	90,061	(923)	(3,046)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(718)	(3,620)	730	(644)	-	26	(1,521)	90,061	(923)	(3,046)
Cash and investments - ending	\$ -	\$ -	\$ 927	\$ -	\$ -	\$ 24,964	\$ -	\$ (24,133)	\$ -	\$ -

ANDERSON 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, 2013
 (Continued)

	Uniform Closets	Miscellaneous Programs II	High Ability Grant 2011/2012	High Ability Grant 2012/2013	High Ability Grant 2013/2014	Non-English Speaking Programs P.L. 273-1999	Performance Based Awards	Title I Part D 2010/2011	Title I Part D 2012/2013	Title I Part D 2013/2014
Cash and investments - beginning	\$ 4,962	\$ 1,350	\$ 15,279	\$ -	\$ -	\$ 4,445	\$ 81,238	\$ -	\$ (175)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	58,439	-	32,150	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	5,989	33,573
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	58,439	-	32,150	-	-	5,989	33,573
Disbursements:										
Current:										
Instruction	-	1,350	15,279	52,209	-	-	-	-	5,246	32,017
Support services	-	-	-	-	-	36,595	55,222	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	568	1,556
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,350	15,279	52,209	-	36,595	55,222	-	5,814	33,573
Excess (deficiency) of receipts over disbursements	-	(1,350)	(15,279)	6,230	-	(4,445)	(55,222)	-	175	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,350)	(15,279)	6,230	-	(4,445)	(55,222)	-	175	-
Cash and investments - ending	\$ 4,962	\$ -	\$ -	\$ 6,230	\$ -	\$ -	\$ 26,016	\$ -	\$ -	\$ -

ANDERSON 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, 2013
(Continued)

	Title I 2012/2013	Title I School Improvement	Innovative Education Program Strategies Title V (Part A)	McKinney Vento Education for Homeless 2011/2012	McKinney Vento Education for Homeless 2012/2013	McKinney Vento Education for Homeless 2013/2014	Special Ed Part B 2012/2013	Special Ed Part B 2013/2014	Special Ed Technical Assistance	Special Ed Preschool 2011/2012
Cash and investments - beginning	\$ (215,142)	\$ (13,949)	\$ -	\$ -	\$ -	\$ -	\$ (64,470)	\$ -	\$ -	\$ (3,194)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	-	63,356	30,000	-	-	-	-	-	-	-
Federal sources	3,235,114	-	-	14,392	39,042	-	1,388,002	863,158	-	5,389
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	3,235,114	63,356	30,000	14,392	39,042	-	1,388,002	863,158	-	5,389
Disbursements:										
Current:										
Instruction	1,651,990	-	-	-	-	-	1,256,623	999,337	-	51
Support services	1,389,051	46,306	30,000	14,392	43,659	-	66,909	58,307	-	2,144
Noninstructional services	17,304	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	44,700	3,101	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,103,045	49,407	30,000	14,392	43,659	-	1,323,532	1,057,644	-	2,195
Excess (deficiency) of receipts over disbursements	132,069	13,949	-	-	(4,617)	-	64,470	(194,486)	-	3,194
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	132,069	13,949	-	-	(4,617)	-	64,470	(194,486)	-	3,194
Cash and investments - ending	\$ (83,073)	\$ -	\$ -	\$ -	\$ (4,617)	\$ -	\$ -	\$ (194,486)	\$ -	\$ -

ANDERSON 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, 2013
 (Continued)

	Special Ed Preschool 2012/2013	Special Ed Preschool 2013/2014	Adult Education 2012/2013	Adult Education 2013/2014	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Web Wise Kids	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (5,227)	\$ -	\$ (10,382)	\$ (15,052)	\$ (1,089)	\$ (3,737)	\$ 1,509,948	\$ 44,888,214
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	34,008,663
State sources	-	-	-	-	-	-	1,089	-	-	49,708,365
Federal sources	88,587	-	47,730	214,291	455,282	63,798	-	678,988	-	11,656,583
Temporary loans	-	-	-	-	-	-	-	-	-	321,849
Interfund loans	-	-	-	-	-	-	-	-	-	4,075,000
Other	-	-	-	-	-	-	-	-	18,114,216	18,146,241
Total receipts	88,587	-	47,730	214,291	455,282	63,798	1,089	678,988	18,114,216	117,916,701
Disbursements:										
Current:										
Instruction	79,744	-	28,964	204,897	161,277	40,858	-	675,251	-	40,227,704
Support services	8,843	-	13,539	64,269	292,537	7,888	-	-	-	27,476,357
Noninstructional services	-	-	-	-	-	-	-	-	-	4,514,130
Facilities acquisition and construction	-	-	-	14,300	-	-	-	-	-	14,300
Debt services	-	-	-	-	-	-	-	-	-	19,784,981
Nonprogrammed charges	-	-	-	-	8,956	-	-	-	16,894,002	27,347,140
Interfund loans	-	-	-	-	-	-	-	-	-	4,075,000
Total disbursements	88,587	-	42,503	283,466	462,770	48,746	-	675,251	16,894,002	123,439,612
Excess (deficiency) of receipts over disbursements	-	-	5,227	(69,175)	(7,488)	15,052	1,089	3,737	1,220,214	(5,522,911)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	699,526
Transfers out	-	-	-	-	-	-	-	-	-	(699,526)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	5,227	(69,175)	(7,488)	15,052	1,089	3,737	1,220,214	(5,522,911)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (69,175)	\$ (17,870)	\$ -	\$ -	\$ -	\$ 2,730,162	\$ 39,365,303

ANDERSON 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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 9,588,727	\$ 53,770	\$ 34,348	\$ 3,316	\$ 937	\$ 74,816	\$ 264,227	\$ 4,301,694	\$ 892,752	\$ 2,215,964
Receipts:										
Local sources	1,332,396	8,312,909	3,128,428	4,191,747	3,814,742	208,815	-	257	963,157	-
State sources	50,680,938	-	-	-	-	-	-	-	12,108	604,047
Federal sources	711,113	-	-	-	-	-	-	-	3,493,209	-
Interfund loans	4,075,000	2,600,000	-	2,000,000	1,300,000	-	-	-	-	-
Other	11,911	-	-	-	-	-	-	-	-	-
Total receipts	56,811,358	10,912,909	3,128,428	6,191,747	5,114,742	208,815	-	257	4,468,474	604,047
Disbursements:										
Current:										
Instruction	33,866,070	-	-	-	-	-	-	-	-	-
Support services	15,285,193	387,111	-	5,340,489	5,565,885	203,525	-	265,506	-	892,274
Noninstructional services	384,504	-	-	-	-	-	-	-	4,390,931	-
Facilities acquisition and construction	-	-	-	2,351,410	-	-	-	-	-	-
Debt services	-	9,387,425	3,577,841	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	5,900,000	2,600,000	-	840,000	635,000	-	-	-	-	-
Total disbursements	55,435,767	12,374,536	3,577,841	8,531,899	6,200,885	203,525	-	265,506	4,390,931	892,274
Excess (deficiency) of receipts over disbursements	1,375,591	(1,461,627)	(449,413)	(2,340,152)	(1,086,143)	5,290	-	(265,249)	77,543	(288,227)
Other financing sources (uses):										
Sale of capital assets	9,766	-	-	-	-	-	-	-	-	-
Transfers in	-	1,500,163	667,036	2,368,160	1,164,666	-	-	-	-	-
Transfers out	(6,599,089)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(6,589,323)	1,500,163	667,036	2,368,160	1,164,666	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,213,732)	38,536	217,623	28,008	78,523	5,290	-	(265,249)	77,543	(288,227)
Cash and investments - ending	\$ 4,374,995	\$ 92,306	\$ 251,971	\$ 31,324	\$ 79,460	\$ 80,106	\$ 264,227	\$ 4,036,445	\$ 970,295	\$ 1,927,737

ANDERSON 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, 2014
(Continued)

	Self- Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Alternative Education	School Library Printed Material	Early Intervention Grant	Reading Recovery	School Intervention and Career Counseling	Amanda K. Breece Scholarship	Invest in Anderson
Cash and investments - beginning	\$ 18,866,919	\$ 114,051	\$ -	\$ 331,712	\$ (1,162)	\$ -	\$ 220,450	\$ -	\$ 2,875	\$ -
Receipts:										
Local sources	12,222,630	-	-	-	-	-	36,170	-	3	-
State sources	-	-	-	101,521	23,308	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	12,222,630	-	-	101,521	23,308	-	36,170	-	3	-
Disbursements:										
Current:										
Instruction	-	-	728,458	25,765	42,054	-	-	-	-	-
Support services	75	-	170,606	-	-	-	31,890	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	10,873,136	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,873,211	-	899,064	25,765	42,054	-	31,890	-	-	-
Excess (deficiency) of receipts over disbursements	1,349,419	-	(899,064)	75,756	(18,746)	-	4,280	-	3	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	899,064	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	899,064	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,349,419	-	-	75,756	(18,746)	-	4,280	-	3	-
Cash and investments - ending	\$ 20,216,338	\$ 114,051	\$ -	\$ 407,468	\$ (19,908)	\$ -	\$ 224,730	\$ -	\$ 2,878	\$ -

ANDERSON 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, 2014
(Continued)

	Early Literacy Intervention	Tanglewood Donation	Positive Behavior	Guide Corp Elem	Wigwam Facility	Donations/ Gifts	Co-op Program	Naval Junior ROTC	Insig 2008/2009	Indiana Math Initiatives
Cash and investments - beginning	\$ -	\$ -	\$ 927	\$ -	\$ -	\$ 24,964	\$ -	\$ (24,133)	\$ -	\$ -
Receipts:										
Local sources	-	-	2,000	-	18,824	19	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	53,147	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,000	-	18,824	19	-	53,147	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	69,022	-	-
Support services	-	-	860	-	4,965	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	860	-	4,965	-	-	69,022	-	-
Excess (deficiency) of receipts over disbursements	-	-	1,140	-	13,859	19	-	(15,875)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,140	-	13,859	19	-	(15,875)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,067	\$ -	\$ 13,859	\$ 24,983	\$ -	\$ (40,008)	\$ -	\$ -

ANDERSON 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, 2014
(Continued)

	Uniform Closets	Miscellaneous Programs II	High Ability Grant 2011/2012	High Ability Grant 2012/2013	High Ability Grant 2013/2014	Non-English Speaking Programs P.L. 273-1999	Performance Based Awards	Title I Part D 2010/2011	Title I Part D 2012/2013	Title I Part D 2013/2014
Cash and investments - beginning	\$ 4,962	\$ -	\$ -	\$ 6,230	\$ -	\$ -	\$ 26,016	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	49,489	33,592	-	-	-	-
Federal sources	-	-	-	-	-	-	-	21,861	-	908
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	49,489	33,592	-	21,861	-	908
Disbursements:										
Current:										
Instruction	-	-	-	6,230	50,916	-	-	21,861	-	908
Support services	-	-	-	-	-	22,251	20,263	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	6,230	50,916	22,251	20,263	21,861	-	908
Excess (deficiency) of receipts over disbursements	-	-	-	(6,230)	(1,427)	11,341	(20,263)	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(6,230)	(1,427)	11,341	(20,263)	-	-	-
Cash and investments - ending	\$ 4,962	\$ -	\$ -	\$ -	\$ (1,427)	\$ 11,341	\$ 5,753	\$ -	\$ -	\$ -

ANDERSON 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, 2014
(Continued)

	Title I 2012/2013	Title I School Improvement	Innovative Education Program Strategies Title V (Part A)	McKinney Vento Education for Homeless 2011/2012	McKinney Vento Education for Homeless 2012/2013	McKinney Vento Education for Homeless 2013/2014	Special Ed Part B 2012/2013	Special Ed Part B 2013/2014	Special Ed Technical Assistance	Special Ed Preschool 2011/2012
Cash and investments - beginning	\$ (83,073)	\$ -	\$ -	\$ -	\$ (4,617)	\$ -	\$ -	\$ (194,486)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	3,015,265	-	-	-	35,863	19,881	92,672	2,424,252	50,791	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	3,015,265	-	-	-	35,863	19,881	92,672	2,424,252	50,791	-
Disbursements:										
Current:										
Instruction	1,497,342	-	-	-	-	-	46,459	1,969,783	16,830	-
Support services	1,330,386	-	-	-	31,246	19,881	46,213	318,574	35,556	-
Noninstructional services	23,245	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	146,779	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,997,752	-	-	-	31,246	19,881	92,672	2,288,357	52,386	-
Excess (deficiency) of receipts over disbursements	17,513	-	-	-	4,617	-	-	135,895	(1,595)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,513	-	-	-	4,617	-	-	135,895	(1,595)	-
Cash and investments - ending	\$ (65,560)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,591)	\$ (1,595)	\$ -

ANDERSON 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, 2014
(Continued)

	Special Ed Preschool 2012/2013	Special Ed Preschool 2013/2014	Adult Education 2012/2013	Adult Education 2013/2014	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Web Wise Kids	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (69,175)	\$ (17,870)	\$ -	\$ -	\$ -	\$ 2,730,162	\$ 39,365,303
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	34,232,097
State sources	-	-	-	-	-	-	-	-	-	51,505,003
Federal sources	3,347	90,458	-	285,245	465,469	69,206	-	-	-	10,832,687
Interfund loans	-	-	-	-	-	-	-	-	-	9,975,000
Other	-	-	-	-	-	-	-	-	17,799,291	17,811,202
Total receipts	3,347	90,458	-	285,245	465,469	69,206	-	-	17,799,291	124,355,989
Disbursements:										
Current:										
Instruction	-	76,585	-	215,431	17,433	62,318	-	-	-	38,713,465
Support services	3,347	13,873	-	51,984	470,002	8,229	-	-	-	30,520,184
Noninstructional services	-	-	-	-	-	-	-	-	-	4,798,680
Facilities acquisition and construction	-	-	-	12,357	-	-	-	-	-	2,363,767
Debt services	-	-	-	-	-	-	-	-	-	12,965,266
Nonprogrammed charges	-	-	-	-	7,995	-	-	-	19,081,605	30,109,515
Interfund loans	-	-	-	-	-	-	-	-	-	9,975,000
Total disbursements	3,347	90,458	-	279,772	495,430	70,547	-	-	19,081,605	129,445,877
Excess (deficiency) of receipts over disbursements	-	-	-	5,473	(29,961)	(1,341)	-	-	(1,282,314)	(5,089,888)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	9,766
Transfers in	-	-	-	-	-	-	-	-	-	6,599,089
Transfers out	-	-	-	-	-	-	-	-	-	(6,599,089)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	9,766
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	5,473	(29,961)	(1,341)	-	-	(1,282,314)	(5,080,122)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (63,702)	\$ (47,831)	\$ (1,341)	\$ -	\$ -	\$ 1,447,848	\$ 34,285,181

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ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Anderson School Building Corporation	School facilities	\$ 6,320,500	7/15/2006	1/15/2028
Anderson School Building Corporation	School facilities	2,222,500	7/15/2006	1/15/2030
Anderson School Building Corporation	School facilities	<u>686,500</u>	7/15/2006	1/15/2030
Total of annual lease payments		<u>\$ 9,229,500</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension obligation	\$ 28,495,000	\$ 2,735,333
General obligation bonds	Pension obligation	<u>2,860,000</u>	<u>840,873</u>
Totals		<u>\$ 31,355,000</u>	<u>\$ 3,576,206</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Anderson 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, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2014-002 and 2014-003 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 7, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 829,807 -	\$ - 659,575
Total - School Breakfast Program				829,807	659,575
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13 FY 13-14	3,127,123 -	- 2,660,076
Total - National School Lunch Program				3,127,123	2,660,076
Total - Department of Agriculture				3,956,930	3,319,651
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-5275 13-5275 14-5275	601,314 2,766,718 -	- 543,031 2,495,003
Total - Title I, Part A Cluster				3,368,032	3,038,034
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	14212-002-PN01 14213-002-PN01 14214-002-PN01 99914-002-TA01	1,388,002 863,159 - -	92,672 1,272,744 1,151,508 50,791
Total - Special Education - Grants to States				2,251,161	2,567,715
Special Education - Preschool Grants	Indiana Department of Education	84.173	45712-002-PN01 45713-002-PN01 45714-002-PN01	5,389 88,587 -	- 3,347 90,458
Total - Special Education - Preschool Grants				93,976	93,805
Total - Special Education Cluster (IDEA)				2,345,137	2,661,520

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

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Adult Education - Basic Grants to States	Indiana Department of Education	84.002	2012-8001 2013-8001 2014-8001	83,587 214,291 -	- 61,641 223,604
Total - Adult Education - Basic Grants to States				297,878	285,245
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	13-5275 14-5275	416,659 -	- 306,339
Total - Career and Technical Education - Basic Grants to States				416,659	306,339
Education for Homeless Children and Youth	Indiana Department of Education	84.196	12-5275 13-5275 14-5275	14,392 39,042 -	- 35,863 19,881
Total - Education for Homeless Children and Youth				53,434	55,744
English Language Acquisition State Grants	Indiana Department of Education	84.365	12-5275 13-5275 14-5275	34,005 29,794 -	- 24,756 44,450
Total - English Language Acquisition State Grants				63,799	69,206
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	11-5275 12-5275 13-5275	127,240 328,042 -	- 256,544 208,925
Total - Improving Teacher Quality State Grants				455,282	465,469
Education Jobs Fund	Indiana Department of Education	84.410	11-5275	678,988	-
Total - Education Jobs Fund				678,988	-
Total - Department of Education				7,679,209	6,881,557
Total federal awards expended				\$ 11,636,139	\$ 10,201,208

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2013 and 2014:

Program Title	Federal CFDA Number	2013	2014
Education for Homeless Children and Youth	84.196	\$ 53,434	\$ 55,744

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster National School Lunch Program	10.555	\$ 264,980	\$ 266,611

ANDERSON 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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster (IDEA)
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$655,120

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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(Continued)

During the audit of the SEFA, we noted that total federal expenditures for fiscal years 2013 and 2014 were incorrectly reported with total expenditures being understated by \$798,359 and overstated by \$1,295,015 in each year, respectively. The net expenditures were understated in 2013 and overstated in 2014 primarily due to incorrect amounts being reported for the Child Nutrition Cluster. Additionally, the following deficiencies were noted when verifying the SEFA: (a) commodities required to be reported under the National School Lunch Program, CFDA 10.555, were omitted in the amount of \$264,980 and \$266,611 for fiscal years 2013 and 2014, respectively; and (b) nonfederal funds provided by the Indiana Department of Education were included on the SEFA.

We believe the deficiencies discussed above constitute material weaknesses. The errors and omissions on the SEFA were partially caused by a lack of sufficient internal controls over the preparation of the SEFA and due to insufficient familiarity with some of the required elements of the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

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- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS - COMPARABILITY - INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-5275, 13-5275, 14-5275

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Special Tests and Provisions - Comparability. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting and Special Tests and Provisions - Comparability compliance requirements related to its Title I Grants to Local Educational Agencies.

During the audit, School Corporation officials paid \$618 for a bowling party and \$3,418 for food purchases for a summer school program with Title I funds. These expenditures were subsequently claimed for reimbursement and included on program reports. These purchases do not meet the requirements of the grant agreement. We consider the total amount of these purchases, \$4,036, to be questioned costs.

For the purposes of activities allowed or unallowed and allowable costs/cost principles, the controls that are currently in place have not been consistently implemented. The Title I Coordinator reviews the payroll distribution report for Title I periodically to ensure that only employees that should be paid from the Title I funds are, and then initials the report to provide documentation of review. However, this review is not done on a consistent basis.

As it regards allowable costs/cost principles, cash management, reporting, and special tests and provisions - comparability there was a lack of segregation of duties. The Title I Coordinator is the sole person involved in the calculation of the indirect cost amount requested for reimbursement and the comparability reports. The Accounting Supervisor is the sole person responsible for the preparation and submission of the monthly request for reimbursement and the annual expenditure reports. There was no oversight or review of these functions.

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(Continued)

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 14 states:

"Entertainment, Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."

OMB Circular A-87, Attachment A, paragraph C(1)(d) states:

"Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items."

The Title I Fiscal Handbook - Allowable Uses of Title I Funds states in part:

"Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant."

OMB Circular A-133, Subpart C, section .300 states in part:

"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 could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

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(Continued)

FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES - INTERNAL CONTROL/COMPLIANCE REQUIREMENTS

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-002-PN01, 14213-002-PN01,
14214-002-PN01, 99914-002-TAO1,
45712-002-PN01, 45713-002-PN01,
45714-002-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to its Special Education and Special Education - Preschool Grants.

The School Corporation failed to keep the necessary documentation relating to time and effort for substitute teachers. Time and effort logs should be maintained to help ensure that payments were properly allocated between federal and nonfederal funds as required.

There was a lack of segregation of duties related to the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The Payroll Supervisor was the sole person involved in the payroll transactions with no separate reviews of individuals paid from the special education grants by officials. This has led to numerous adjustments being required due to payrolls initially being posted to incorrect accounts. This lack of segregation of duties within an internal control system could also allow noncompliance with grant requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8.h. (4) states:

"Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one federal award,
- (b) A Federal award and a non-federal award,

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(Continued)

- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

OMB Circular A-133, Subpart C, section .300 states in part:

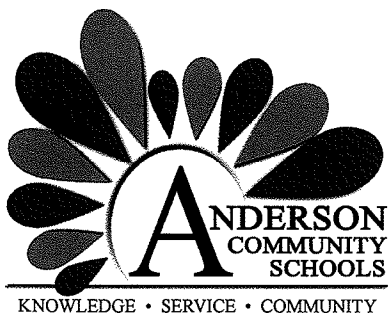
"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal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

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



Kevin J. Brown
Chief Financial Officer
kbrown@acsc.net

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CORRECTIVE ACTION PLAN

FEDERAL FINDING – 2014-001

Contact Person Responsible for Corrective Action: Donna Curtis, Director of Food Service

Contact Phone Number: (765) 641-2094

Description of Corrective Action Plan

Due to a lack of understanding of all data that is required to be documented related to commodities, and the fact Gateway is relatively new as is the requirements for us to complete the schedule of expenditures of Federal Awards (SEFA), all data required was not updated in the SEFA. As a result, the deficiencies noted in the findings will be corrected.

Anticipated Completion Date: Immediate.

FEDERAL FINDING – 2014-002

Contact Person Responsible for Corrective Action: Pamela K. Storm, Title 1 Coordinator

Contact Phone Number: (765) 641-2160

Description of Corrective Action Plan

It is recognized that there is a high burden of proof for paying for food and beverages with Federal Funds. As a result, the Anderson Community School Corporation will discontinue the purchase of food and beverage that is not allowed under the law.

Regarding the payroll distribution report, the Title I director will review said distribution on a consistent basis.

Anticipated Completion Date: Immediate.

FEDERAL FINDING – 2014-003

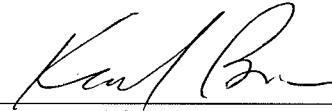
Contact Person Responsible for Corrective Action: Angela J. Vickery, Director of Special Education

Contact Phone Number: (765) 641-2126

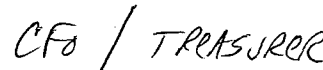
Description of Corrective Action Plan

All required time and effort documentation will be maintained in accordance with federal requirements. In addition, all staff charged to Special Education will be consistently monitored to assure accurate assignment of costs.

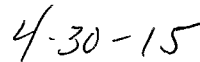
Anticipated Completion Date: Immediate.



(Signature)



(Title)



(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.