

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

HANOVER COMMUNITY SCHOOL CORPORATION  
LAKE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
03/02/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	11
Notes to Financial Statement .....	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	20-31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets .....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance .....	36-37
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	40-41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-48
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	50
Corrective Action Plan .....	51-57
Other Reports .....	58

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dana M. Bogathy Susan Kounelis (Interim)	07-01-12 to 12-05-13 12-06-13 to 01-12-14
Director of Business Services/Treasurer	Eric D. Kurtz	01-13-14 to 06-30-16
Superintendent of Schools	Carol A. Kaiser Richard Cook (Interim) James Thorne (Interim) Richard Cook (Interim) Thomas L. Taylor	07-01-12 to 12-05-12 12-06-12 to 03-07-13 03-08-13 to 06-27-13 06-28-13 to 06-30-13 07-01-13 to 06-30-16
President of the School Board	Dana Griner (Vacant) Mary Joan Dickson James Sakelaris	07-01-12 to 12-31-12 01-01-13 to 01-07-13 01-08-13 to 12-31-13 01-01-14 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE HANOVER COMMUNITY  
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Hanover 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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2016, 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

January 7, 2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 HANOVER COMMUNITY  
SCHOOL CORPORATION, LAKE 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 Hanover 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 January 7, 2016, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Hanover 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

January 7, 2016

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

HANOVER 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		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 3,359,601	\$ 11,873,360	\$ 12,668,433	\$ -	\$ 2,564,528	\$ 12,723,543	\$ 12,731,754	\$ -	\$ 2,556,317	\$ 2,171,170
Debt Service	1,883,896	2,788,493	3,155,521	-	1,516,868	3,228,500	2,574,198	-	2,649,199	116,015
Exempt Debt Service	2,783,976	4,045,721	4,908,873	-	1,920,824	4,342,680	3,614,305	-	501,559	139,896
Exempt Retirement Debt Service	97,197	213,963	249,715	-	61,445	220,640	166,070	-	147,698	-
Capital Projects	486,258	1,350,883	1,439,207	-	397,934	1,433,949	1,330,324	-	-	-
Transportation - Operating	331,796	760,473	816,071	-	276,198	608,588	744,890	-	-	-
Transportation - Bus Replacement	259,250	151,032	311,154	-	99,128	320,045	271,475	-	-	-
Pension Trust	9,859	-	9,859	-	-	-	-	-	-	-
RQAW Settlement/Construction	-	-	-	-	-	-	129,737	2,487,599	-	2,357,862
School Lunch	106,777	1,153,728	1,211,016	-	49,489	1,299,337	1,249,442	-	99,384	-
Textbook Rental	46,390	243,403	123,984	-	165,809	268,763	255,666	-	178,906	-
Joint Services and Supply - Area Vocational School	38,146	-	8,338	-	29,808	-	29,808	-	-	-
Educational License Plates	594	450	-	-	1,044	412	-	-	1,456	-
SAFE School Haven 2012-2013	-	19,500	19,500	-	-	-	6,126	-	(6,126)	-
Early Intervention Grant	13,261	19,376	30,817	-	1,820	-	1,043	-	777	-
School Intervention and Career Counseling	-	15,000	15,000	-	-	15,000	14,983	-	17	-
Donations - Flag Pole	3,830	5,765	9,240	-	355	5,293	2,489	-	3,159	-
Jr. Wildcats - Scouting	118	-	-	-	118	-	-	-	118	-
EC Football Donations	1,498	-	-	-	1,498	-	-	-	1,498	-
Fitness Center	7,502	875	-	-	8,377	987	-	-	9,364	-
Donations - Athletic	25	-	-	-	25	-	-	-	25	-
Donations - Art	10	-	-	-	10	100	-	-	110	-
Donations - Music	-	-	-	-	-	1,123	-	-	1,123	-
Donations - Preschool	68	-	-	-	68	-	-	-	68	-
Indiana Youth Institute	-	1,500	654	-	846	750	818	-	778	-
2006 GO Bonds	24,875	-	-	-	24,875	-	-	-	24,875	-
Parents As Teachers	999	10,633	1,651	-	9,981	1,025	-	-	11,006	-
Literacy For Life Grant	4,798	-	-	-	4,798	-	-	-	4,798	-
High Ability Grant 2009-2010	17,407	31,748	30,725	-	18,430	34,222	22,315	-	30,337	-
Education Technology	-	40,640	40,640	-	-	197,000	197,000	-	-	-
Non-English Speaking Program	5,982	4,198	4,349	-	5,831	2,788	3,577	-	5,042	-
School Technology	161,546	27,406	51,145	-	137,807	13,176	105,260	-	45,723	-
Construction	2,689,040	163,198	1,685,037	-	1,167,201	25,640	1,136,345	-	56,496	-
Dairy and Nutrition Council	20	-	-	-	20	-	-	-	20	-
Title I	(22,524)	175,644	167,376	-	(14,256)	147,628	151,310	-	(17,938)	-
Drug Free Schools	117	-	-	-	117	-	-	-	117	-
Title VI, Part A	4,609	-	-	-	4,609	-	-	-	4,609	-
Team Nutrition Mini-Grant 2010	419	-	419	-	-	-	-	-	-	-
Perkins	(21,415)	106,486	95,419	-	(10,348)	89,535	95,641	-	(16,454)	-
Tech-Prep	(42)	3,553	3,553	-	(42)	-	-	-	(42)	-
Title II, Part A	1,430	62,609	68,045	-	(4,006)	34,817	30,934	-	(123)	-
Special Education - Part B (Stimulus)	145	-	-	-	145	-	-	-	145	-
Education Jobs	(34,387)	68,072	33,685	-	-	-	-	-	-	-
Prepaid School Lunch	10,529	475,717	473,586	-	12,660	501,005	499,253	-	14,412	-
Payroll Withholdings Clearing Accounts	45,542	2,589,209	2,662,467	-	(27,716)	2,694,418	2,687,125	-	(20,423)	-
Petty Cash	200	-	-	-	200	-	-	-	200	-
<b>Totals</b>	<b>\$ 12,319,342</b>	<b>\$ 26,402,635</b>	<b>\$ 30,295,479</b>	<b>\$ -</b>	<b>\$ 8,426,498</b>	<b>\$ 28,210,964</b>	<b>\$ 28,051,888</b>	<b>\$ 2,487,599</b>	<b>\$ 11,073,173</b>	

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

HANOVER 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 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.

HANOVER 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.

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, and self-insurance payments.

HANOVER 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 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.

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.

HANOVER 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, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. 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. 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

HANOVER 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 funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and/or 2014.

HANOVER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporations***

The School Corporation has entered into capital leases with the Hanover Multi-School Building Corporation and the Hanover Middle School Building Corporation. The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$4,890,000 and \$4,090,000, respectively.

**Note 9. *Other Postemployment Benefits***

The School Corporation provides to eligible teacher retirees and their spouses the following benefits: continued purchase of group insurance at retirees own expense. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

#### 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.

HANOVER 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	Exempt Debt Service	Exempt Retirement Debt Service	Capital Projects	Transportation - Operating	Transportation - Bus Replacement	Pension Trust
Cash and investments - beginning	\$ 3,359,601	\$ 1,883,896	\$ 2,783,976	\$ 97,197	\$ 486,258	\$ 331,796	\$ 259,250	\$ 9,859
Receipts:								
Local sources	152,658	2,788,477	4,045,721	198,963	874,416	534,602	151,032	-
Intermediate sources	63,035	-	-	-	-	-	-	-
State sources	11,648,772	-	-	-	31,467	-	-	-
Federal sources	7,539	-	-	-	-	-	-	-
Temporary loans	-	16	-	15,000	445,000	225,000	-	-
Other	1,356	-	-	-	-	871	-	-
Total receipts	<u>11,873,360</u>	<u>2,788,493</u>	<u>4,045,721</u>	<u>213,963</u>	<u>1,350,883</u>	<u>760,473</u>	<u>151,032</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	8,581,625	-	-	-	-	-	-	-
Support services	3,922,836	-	-	-	482,848	530,071	129,154	9,859
Noninstructional services	163,972	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	389,359	-	-	-
Debt services	-	3,155,521	4,908,873	249,715	567,000	286,000	182,000	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,668,433</u>	<u>3,155,521</u>	<u>4,908,873</u>	<u>249,715</u>	<u>1,439,207</u>	<u>816,071</u>	<u>311,154</u>	<u>9,859</u>
Excess (deficiency) of receipts over disbursements	<u>(795,073)</u>	<u>(367,028)</u>	<u>(863,152)</u>	<u>(35,752)</u>	<u>(88,324)</u>	<u>(55,598)</u>	<u>(160,122)</u>	<u>(9,859)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	178,395	-	-	4,148	-	-	-	-
Transfers out	<u>(178,395)</u>	<u>-</u>	<u>-</u>	<u>(4,148)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(795,073)</u>	<u>(367,028)</u>	<u>(863,152)</u>	<u>(35,752)</u>	<u>(88,324)</u>	<u>(55,598)</u>	<u>(160,122)</u>	<u>(9,859)</u>
Cash and investments - ending	<u>\$ 2,564,528</u>	<u>\$ 1,516,868</u>	<u>\$ 1,920,824</u>	<u>\$ 61,445</u>	<u>\$ 397,934</u>	<u>\$ 276,198</u>	<u>\$ 99,128</u>	<u>\$ -</u>

HANOVER 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)

	RQAW Settlement/ Construction	School Lunch	Textbook Rental	Joint Services and Supply Area Vocational - School	Educational License Plates	SAFE School Haven 2012-2013	Early Intervention Grant	School Intervention and Career Counseling
Cash and investments - beginning	\$ -	\$ 106,777	\$ 46,390	\$ 38,146	\$ 594	\$ -	\$ 13,261	\$ -
Receipts:								
Local sources	-	841,837	201,744	-	-	-	-	-
Intermediate sources	-	-	-	-	450	-	-	-
State sources	-	12,172	41,659	-	-	19,500	19,376	15,000
Federal sources	-	299,469	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	250	-	-	-	-	-	-
Total receipts	-	1,153,728	243,403	-	450	19,500	19,376	15,000
Disbursements:								
Current:								
Instruction	-	18	15,365	8,338	-	-	30,817	-
Support services	-	30,994	108,619	-	-	19,500	-	15,000
Noninstructional services	-	1,179,989	-	-	-	-	-	-
Facilities acquisition and construction	-	15	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,211,016	123,984	8,338	-	19,500	30,817	15,000
Excess (deficiency) of receipts over disbursements	-	(57,288)	119,419	(8,338)	450	-	(11,441)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	174,246	-	-	-	-	-	-
Transfers out	-	(174,246)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(57,288)	119,419	(8,338)	450	-	(11,441)	-
Cash and investments - ending	\$ -	\$ 49,489	\$ 165,809	\$ 29,808	\$ 1,044	\$ -	\$ 1,820	\$ -

HANOVER 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)

	Donations - Flag Pole	Jr. Wildcats - Scouting	EC Football Donations	Fitness Center	Donations - Athletic	Donations - Art	Donations - Music	Donations - Preschool
Cash and investments - beginning	\$ 3,830	\$ 118	\$ 1,498	\$ 7,502	\$ 25	\$ 10	\$ -	\$ 68
Receipts:								
Local sources	5,765	-	-	875	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,765	-	-	875	-	-	-	-
Disbursements:								
Current:								
Instruction	5,760	-	-	-	-	-	-	-
Support services	3,480	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,240	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(3,475)	-	-	875	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,475)	-	-	875	-	-	-	-
Cash and investments - ending	\$ 355	\$ 118	\$ 1,498	\$ 8,377	\$ 25	\$ 10	\$ -	\$ 68

HANOVER 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)

	Indiana Youth Institute	2006 GO Bonds	Parents As Teachers	Literacy For Life Grant	High Ability Grant 2009-2010	Education Technology	Non-English Speaking Program	School Technology
Cash and investments - beginning	\$ -	\$ 24,875	\$ 999	\$ 4,798	\$ 17,407	\$ -	\$ 5,982	\$ 161,546
Receipts:								
Local sources	1,500	-	10,633	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	31,748	40,640	4,198	8,318
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	19,088
Total receipts	1,500	-	10,633	-	31,748	40,640	4,198	27,406
Disbursements:								
Current:								
Instruction	-	-	1,638	-	30,725	-	3,970	174
Support services	654	-	4	-	-	40,640	379	50,906
Noninstructional services	-	-	9	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	65
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	654	-	1,651	-	30,725	40,640	4,349	51,145
Excess (deficiency) of receipts over disbursements	846	-	8,982	-	1,023	-	(151)	(23,739)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	846	-	8,982	-	1,023	-	(151)	(23,739)
Cash and investments - ending	\$ 846	\$ 24,875	\$ 9,981	\$ 4,798	\$ 18,430	\$ -	\$ 5,831	\$ 137,807

HANOVER 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)

	Construction	Dairy and Nutrition Council	Title I	Drug Free Schools	Title VI, Part A	Team Nutrition Mini-Grant 2010	Perkins	Tech-Prep
Cash and investments - beginning	\$ 2,689,040	\$ 20	\$ (22,524)	\$ 117	\$ 4,609	\$ 419	\$ (21,415)	\$ (42)
Receipts:								
Local sources	151,096	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	175,644	-	-	-	106,486	3,553
Temporary loans	-	-	-	-	-	-	-	-
Other	12,102	-	-	-	-	-	-	-
Total receipts	<u>163,198</u>	<u>-</u>	<u>175,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,486</u>	<u>3,553</u>
Disbursements:								
Current:								
Instruction	594,626	-	140,131	-	-	419	95,419	3,553
Support services	904,350	-	25,684	-	-	-	-	-
Noninstructional services	6,741	-	1,561	-	-	-	-	-
Facilities acquisition and construction	179,320	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,685,037</u>	<u>-</u>	<u>167,376</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>95,419</u>	<u>3,553</u>
Excess (deficiency) of receipts over disbursements	<u>(1,521,839)</u>	<u>-</u>	<u>8,268</u>	<u>-</u>	<u>-</u>	<u>(419)</u>	<u>11,067</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,521,839)</u>	<u>-</u>	<u>8,268</u>	<u>-</u>	<u>-</u>	<u>(419)</u>	<u>11,067</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,167,201</u>	<u>\$ 20</u>	<u>\$ (14,256)</u>	<u>\$ 117</u>	<u>\$ 4,609</u>	<u>\$ -</u>	<u>\$ (10,348)</u>	<u>\$ (42)</u>

HANOVER 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 II, Part A	Special Education - Part B (Stimulus)	Education Jobs	Prepaid School Lunch	Payroll Withholdings Clearing Accounts	Petty Cash	Totals
Cash and investments - beginning	\$ 1,430	\$ 145	\$ (34,387)	\$ 10,529	\$ 45,542	\$ 200	\$ 12,319,342
Receipts:							
Local sources	-	-	-	475,717	-	-	10,435,036
Intermediate sources	-	-	-	-	-	-	63,485
State sources	-	-	-	-	-	-	11,872,850
Federal sources	62,609	-	68,072	-	-	-	723,372
Temporary loans	-	-	-	-	-	-	685,016
Other	-	-	-	-	2,589,209	-	2,622,876
Total receipts	62,609	-	68,072	475,717	2,589,209	-	26,402,635
Disbursements:							
Current:							
Instruction	66,615	-	13,768	-	-	-	9,592,961
Support services	1,430	-	19,917	-	-	-	6,296,325
Noninstructional services	-	-	-	-	-	-	1,352,272
Facilities acquisition and construction	-	-	-	-	-	-	568,759
Debt services	-	-	-	-	-	-	9,349,109
Nonprogrammed charges	-	-	-	473,586	2,662,467	-	3,136,053
Total disbursements	68,045	-	33,685	473,586	2,662,467	-	30,295,479
Excess (deficiency) of receipts over disbursements	(5,436)	-	34,387	2,131	(73,258)	-	(3,892,844)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	356,789
Transfers out	-	-	-	-	-	-	(356,789)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,436)	-	34,387	2,131	(73,258)	-	(3,892,844)
Cash and investments - ending	\$ (4,006)	\$ 145	\$ -	\$ 12,660	\$ (27,716)	\$ 200	\$ 8,426,498

HANOVER 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	Exempt Debt Service	Exempt Retirement Debt Service	Capital Projects	Transportation - Operating	Transportation - Bus Replacement	Pension Trust
Cash and investments - beginning	\$ 2,564,528	\$ 1,516,868	\$ 1,920,824	\$ 61,445	\$ 397,934	\$ 276,198	\$ 99,128	\$ -
Receipts:								
Local sources	314,267	2,721,500	3,651,680	190,640	939,949	552,588	177,045	-
Intermediate sources	67,814	-	-	-	-	-	-	-
State sources	12,254,920	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	507,000	691,000	30,000	494,000	56,000	143,000	-
Other	86,542	-	-	-	-	-	-	-
Total receipts	<u>12,723,543</u>	<u>3,228,500</u>	<u>4,342,680</u>	<u>220,640</u>	<u>1,433,949</u>	<u>608,588</u>	<u>320,045</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	8,510,412	-	-	-	-	-	-	-
Support services	3,929,015	34,831	-	-	578,249	519,890	90,503	-
Noninstructional services	292,327	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	307,075	-	-	-
Debt services	-	2,539,367	3,614,305	166,070	445,000	225,000	180,972	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,731,754</u>	<u>2,574,198</u>	<u>3,614,305</u>	<u>166,070</u>	<u>1,330,324</u>	<u>744,890</u>	<u>271,475</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(8,211)</u>	<u>654,302</u>	<u>728,375</u>	<u>54,570</u>	<u>103,625</u>	<u>(136,302)</u>	<u>48,570</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(8,211)</u>	<u>654,302</u>	<u>728,375</u>	<u>54,570</u>	<u>103,625</u>	<u>(136,302)</u>	<u>48,570</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,556,317</u>	<u>\$ 2,171,170</u>	<u>\$ 2,649,199</u>	<u>\$ 116,015</u>	<u>\$ 501,559</u>	<u>\$ 139,896</u>	<u>\$ 147,698</u>	<u>\$ -</u>

HANOVER 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)

	RQAW Settlement/ Construction	School Lunch	Textbook Rental	Joint Services and Supply Area Vocational - School	Educational License Plates	SAFE School Haven 2012-2013	Early Intervention Grant	School Intervention and Career Counseling
Cash and investments - beginning	\$ -	\$ 49,489	\$ 165,809	\$ 29,808	\$ 1,044	\$ -	\$ 1,820	\$ -
Receipts:								
Local sources	-	908,110	193,433	-	-	-	-	-
Intermediate sources	-	-	-	-	412	-	-	-
State sources	-	11,892	40,499	-	-	-	-	15,000
Federal sources	-	379,335	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	34,831	-	-	-	-	-
Total receipts	-	1,299,337	268,763	-	412	-	-	15,000
Disbursements:								
Current:								
Instruction	-	197	320	29,808	-	-	1,043	-
Support services	-	37,043	255,346	-	-	6,126	-	14,983
Noninstructional services	-	1,199,146	-	-	-	-	-	-
Facilities acquisition and construction	129,737	13,056	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	129,737	1,249,442	255,666	29,808	-	6,126	1,043	14,983
Excess (deficiency) of receipts over disbursements	(129,737)	49,895	13,097	(29,808)	412	(6,126)	(1,043)	17
Other financing sources (uses):								
Proceeds of long-term debt	2,487,599	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,487,599	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,357,862	49,895	13,097	(29,808)	412	(6,126)	(1,043)	17
Cash and investments - ending	\$ 2,357,862	\$ 99,384	\$ 178,906	\$ -	\$ 1,456	\$ (6,126)	\$ 777	\$ 17

HANOVER 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)

	Donations - Flag Pole	Jr. Wildcats - Scouting	EC Football Donations	Fitness Center	Donations - Athletic	Donations - Art	Donations - Music	Donations - Preschool
Cash and investments - beginning	\$ 355	\$ 118	\$ 1,498	\$ 8,377	\$ 25	\$ 10	\$ -	\$ 68
Receipts:								
Local sources	5,293	-	-	987	-	100	1,123	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,293	-	-	987	-	100	1,123	-
Disbursements:								
Current:								
Instruction	2,489	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,489	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	2,804	-	-	987	-	100	1,123	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,804	-	-	987	-	100	1,123	-
Cash and investments - ending	\$ 3,159	\$ 118	\$ 1,498	\$ 9,364	\$ 25	\$ 110	\$ 1,123	\$ 68

HANOVER 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)

	Indiana Youth Institute	2006 GO Bonds	Parents As Teachers	Literacy For Life Grant	High Ability Grant 2009-2010	Education Technology	Non-English Speaking Program	School Technology
Cash and investments - beginning	\$ 846	\$ 24,875	\$ 9,981	\$ 4,798	\$ 18,430	\$ -	\$ 5,831	\$ 137,807
Receipts:								
Local sources	750	-	1,025	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	34,222	-	-	13,176
Federal sources	-	-	-	-	-	-	2,788	-
Temporary loans	-	-	-	-	-	197,000	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>750</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>34,222</u>	<u>197,000</u>	<u>2,788</u>	<u>13,176</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	21,189	11,833	2,611	3,649
Support services	818	-	-	-	1,126	185,167	966	51,466
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	50,145
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,315</u>	<u>197,000</u>	<u>3,577</u>	<u>105,260</u>
Excess (deficiency) of receipts over disbursements	<u>(68)</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>11,907</u>	<u>-</u>	<u>(789)</u>	<u>(92,084)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(68)</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>11,907</u>	<u>-</u>	<u>(789)</u>	<u>(92,084)</u>
Cash and investments - ending	<u>\$ 778</u>	<u>\$ 24,875</u>	<u>\$ 11,006</u>	<u>\$ 4,798</u>	<u>\$ 30,337</u>	<u>\$ -</u>	<u>\$ 5,042</u>	<u>\$ 45,723</u>

HANOVER 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)

	Construction	Dairy and Nutrition Council	Title I	Drug Free Schools	Title VI, Part A	Team Nutrition Mini-Grant 2010	Perkins	Tech-Prep
Cash and investments - beginning	\$ 1,167,201	\$ 20	\$ (14,256)	\$ 117	\$ 4,609	\$ -	\$ (10,348)	\$ (42)
Receipts:								
Local sources	25,640	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	147,628	-	-	-	89,535	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	25,640	-	147,628	-	-	-	89,535	-
Disbursements:								
Current:								
Instruction	(1)	-	128,702	-	-	-	95,641	-
Support services	106,196	-	21,953	-	-	-	-	-
Noninstructional services	-	-	655	-	-	-	-	-
Facilities acquisition and construction	1,030,150	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,136,345	-	151,310	-	-	-	95,641	-
Excess (deficiency) of receipts over disbursements	(1,110,705)	-	(3,682)	-	-	-	(6,106)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,110,705)	-	(3,682)	-	-	-	(6,106)	-
Cash and investments - ending	\$ 56,496	\$ 20	\$ (17,938)	\$ 117	\$ 4,609	\$ -	\$ (16,454)	\$ (42)

HANOVER 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 II, Part A	Special Education - Part B (Stimulus)	Education Jobs	Prepaid School Lunch	Payroll Withholdings Clearing Accounts	Petty Cash	Totals
Cash and investments - beginning	\$ (4,006)	\$ 145	\$ -	\$ 12,660	\$ (27,716)	\$ 200	\$ 8,426,498
Receipts:							
Local sources	-	-	-	501,005	-	-	10,185,135
Intermediate sources	-	-	-	-	-	-	68,226
State sources	-	-	-	-	-	-	12,369,709
Federal sources	34,817	-	-	-	-	-	654,103
Temporary loans	-	-	-	-	-	-	2,118,000
Other	-	-	-	-	2,694,418	-	2,815,791
Total receipts	<u>34,817</u>	<u>-</u>	<u>-</u>	<u>501,005</u>	<u>2,694,418</u>	<u>-</u>	<u>28,210,964</u>
Disbursements:							
Current:							
Instruction	20,947	-	-	-	-	-	8,828,840
Support services	9,987	-	-	-	-	-	5,843,665
Noninstructional services	-	-	-	-	-	-	1,492,128
Facilities acquisition and construction	-	-	-	-	-	-	1,530,163
Debt services	-	-	-	-	-	-	7,170,714
Nonprogrammed charges	-	-	-	499,253	2,687,125	-	3,186,378
Total disbursements	<u>30,934</u>	<u>-</u>	<u>-</u>	<u>499,253</u>	<u>2,687,125</u>	<u>-</u>	<u>28,051,888</u>
Excess (deficiency) of receipts over disbursements	<u>3,883</u>	<u>-</u>	<u>-</u>	<u>1,752</u>	<u>7,293</u>	<u>-</u>	<u>159,076</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	2,487,599
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,487,599</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,883</u>	<u>-</u>	<u>-</u>	<u>1,752</u>	<u>7,293</u>	<u>-</u>	<u>2,646,675</u>
Cash and investments - ending	<u>\$ (123)</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 14,412</u>	<u>\$ (20,423)</u>	<u>\$ 200</u>	<u>\$ 11,073,173</u>

HANOVER COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Hanover Middle School Building Corporation	School Facility	\$ 920,000	2/14/2008	12/31/2031
Hanover Multi-School Building Corporation	School Facility	920,000	10/20/2003	1/15/2029
Hanover Multi-School Building Corporation	School Facility	<u>2,445,000</u>	7/15/2011	1/15/2030
Total of annual lease payments		<u>\$ 4,285,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bond of 2014	\$ 2,500,000	\$ 24,590
General obligation bonds	Pension GO Bond of 2004	495,000	154,345
Tax anticipation warrants	2014 Tax Anticipation Warrant	1,921,000	1,936,568
Notes and loans payable	Common School Fund Advance/Loan	<u>14,753,450</u>	<u>1,745,168</u>
Totals		<u>\$ 19,669,450</u>	<u>\$ 3,860,671</u>

HANOVER COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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	\$ 2,063,000
Infrastructure	1,739,958
Buildings	34,106,509
Improvements other than buildings	892,153
Machinery, equipment, and vehicles	1,073,125
Construction in progress	1,900,000
Books and other	<u>1,234,801</u>
Total capital assets	<u>\$ 43,009,546</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE HANOVER COMMUNITY  
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

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

We have audited the Hanover 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 item 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 2014-004 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

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

HANOVER 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 2013, FY 2014	\$ 57,341	\$ 65,530
School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 2013, FY 2014	303,738	372,594
School Lunch Program					
Total - Child Nutrition Cluster				361,079	438,124
Total - Department of Agriculture				361,079	438,124
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2011-2012	36,423	-
Title I			2012-2013	139,220	31,886
			45714-047-PN01	-	115,742
Total - Title I, Part A Cluster				175,643	147,628
Special Education Cluster					
Special Education_Grants to States					
IDEA-FY 12	Indiana Department of Education	84.027	14212-047-047-PN01	82,027	-
IDEA-FY 13		84.027	14213-047-047-PN01	358,363	87,313
IDEA-FY 14		84.027	14214-047-047-PN01	-	331,288
TA FY 14		84.027	99914-047-TA01	-	5,953
Total - Special Education_Grants to States				440,390	424,554
Special Education_Preschool Grants					
ECD FY 12		84.173	45712-047-PN01	1,035	-
ECD FY 13		84.173	45713-047-PN01	5,986	2,704
ECD FY 14		84.173	45714-047-PN01	-	4,799
Total - Special Education_Preschool Grants				7,021	7,503
Total - Special Education Cluster				447,411	432,057

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

HANOVER 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>					
Higher Education_Institutional Aid Title III	Northwest Indiana Special Education Cooperative	84.031	FY 2013, FY 2014	7,539	2,788
Career and Technical Education - Basic Grants to States Perkins	Indiana Department of Education	84.048	2011-2012 2012-2013	67,946 <u>38,540</u>	- <u>89,535</u>
Total - Career and Technical Education - Basic Grants to States				<u>106,486</u>	<u>89,535</u>
Tech Prep Education Tech Prep	Indiana Department of Workforce Development	84.243	TP-9-263	3,553	-
Improving Teacher Quality State Grants Title II-A	Indiana Department of Education	84.367	2011-2012 2012-2013	43,066 <u>19,543</u>	- <u>34,817</u>
Total - Improving Teacher Quality State Grants				<u>62,609</u>	<u>34,817</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 2013	68,072	-
Total - Department of Education				<u>1,766,135</u>	<u>1,570,939</u>
Total federal awards expended				<u>\$ 1,232,392</u>	<u>\$ 1,144,949</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation 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
Improving Teacher Quality State Grants	84.367	\$ -	\$ 9,987

**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
National School Lunch Program	10.555	\$ 61,610	\$ 58,787

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

HANOVER 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?	no

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:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to Cash and Investments and Disbursements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. We believe these deficiencies constitute material weaknesses.

1. Cash and Investments: The School Corporation did not properly implement adequate policies and procedures to ensure that fund balances were reconciled to the bank balances monthly. Reconciliations of the bank balances were not completed timely during the audit period until May of 2014.

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

2. Disbursements: The School Corporation has not properly implemented adequate policies and procedures to ensure that claims have adequate review or approval.
3. Monitoring of Controls: An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.

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)

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

***FINDING 2014-002 - INTERNAL CONTROLS OVER THE SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553 and 10.555  
Federal Award Years: FY2013, FY2014  
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 several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirements for Activities Allowed, Allowable Costs, Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - School Food Accounts. 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 programs.

***Activities Allowed and Allowable Costs***

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Corporation expends funds for only activities allowed and allowable costs of the programs. A review or approval process has not been established.

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

*Cash Management*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were in compliance with the Cash Management requirements. A monitoring or review process has not been established to ensure that the School Lunch fund's net cash resources are limited to three months' average expenditures in compliance with Cash Management requirements.

*Eligibility*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that eligibility for free and reduced price meals are accurately determined. Currently, the application information is entered into the food service software which automatically makes the determination dependent upon the information entered. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the information entered into the food service software was correct.

*Procurement and Suspension and Debarment*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Procurement and Suspension and Debarment requirements of the programs. The School Corporation relied on a consultant from a purchasing cooperative to perform procurement activities and to verify compliance with Suspension and Debarment requirements. The Food Service Director evaluated the consultant's recommended vendors for bread and milk/dairy products based on product availability and past performance. Upon the Food Service Director's approval, the School Corporation used the winning awards. Procurement of a Third-Party Purchasing service for other food products, materials, and supplies was approved by the cooperative board. There was no local School Corporation oversight or approval of the Food Service Director's decisions or of the consultant's responsibilities.

*Reporting*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement request report was independently prepared by the Food Service Director and submitted electronically via the Department of Education website. This report was not subjected to review prior to submission. The Food Service Director also submits the Annual Financial Report which was not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with the Reporting requirements.

*Special Tests and Provisions - School Food Accounts*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the requirements for School Food Accounts. Although the School Corporation currently reconciles their School Lunch fund in a timely manner (monthly), during the audit period, we noted instances where the School Lunch fund was not reconciled to the records for up to six months. There was no segregation of duties, such as an oversight, review, or approval process during the audit period over compliance with Special Tests and Provisions - School Food Accounts.

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

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-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 with 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 the compliance requirements that have a direct and material effect on the programs.

**FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553 and 10.555  
Federal Award Years: FY2013, FY2014  
Pass-Through Entity: Indiana Department of Education

The School Corporation was not in compliance with all Special Tests and Provisions requirements related to School Food Accounts. Although management currently maintains a separate account of their School Lunch fund and they reconcile their School Lunch fund in a timely manner, during the audit period, we noted instances where federal reimbursements for the School Lunch fund were not receipted into the records up to six months after the date of deposit into the bank.

7 CFR 210.19(a)(1) states in part:

"*Assurance of compliance for finances.* Each State agency shall ensure that school food authorities comply with the requirements to account for all revenues and expenditures of their nonprofit school food service. School food authorities shall meet the requirements for the allowability of nonprofit school food service expenditures in accordance with this part and, 7 CFR part 3015 and 7 CFR part 3016, or 7 CFR part 3019, as applicable . . ."

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

7 CFR 3016.20(b)(2) states:

*"Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Noncompliance with the compliance requirements that have a direct and material effect on the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation comply with the applicable Special Tests and Provisions requirements of the programs.

***FINDING 2014-004 - INTERNAL CONTROL OVER THE  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year: 2011-2012, 2012-2013, 45714-047-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 several compliance requirements that have a direct and material effect on the program. This includes the compliance requirements for Activities Allowed, Allowable Costs, Cash Management, Period of Availability, and Reporting.

*Activities Allowed, Allowable Costs, and Period of Availability*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the program expenditures were in compliance with Activities Allowed, Allowable Costs, and the Period of Availability requirements. Program expenditures were prepared and paid by the Corporation Treasurer without oversight. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with the requirements.

*Cash Management and Reporting*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted or that expenditures submitted for reimbursement were paid prior to the request. Reports are independently prepared and submitted by the Corporation Treasurer without oversight, review, or approval.

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.

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

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-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 with 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 that have a direct and material effect on the program.

#### AUDITEE PREPARED DOCUMENTS

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



**Board of School Trustees**

Mary Pat Burkel  
 Mary Joan Dickson  
 James Sakelaris  
 Constance Sterkowitz  
 Dennis Wilkening

**Central Office**

Thomas L. Taylor, Ed.S.  
*Superintendent of Schools*

**SUMMARY SCHEDULE  
 PRIOR AUDIT FINDINGS**

March 30, 2015

<b>AUDIT PERIOD:</b>	July 1, 2010 – June 30, 2012
<b>FINDINGS:</b>	2012-1 - INTERNAL CONTROLS OVER TITLE I ELIGIBILITY 2012-2 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER SPECIAL TEST AND PROVISIONS 2012-3 - COMPLIANCE AND INTERNAL CONTROLS OVER REPORTING FOR THE CHILD NUTRITION CLUSTER
<b>CONTACT:</b>	Eric D. Kurtz, Director Business Services/Treasurer email: <a href="mailto:ekurtz@hanover.k12.in.us">ekurtz@hanover.k12.in.us</a>   Phone: 219-364-3504

**2012-1 - INTERNAL CONTROLS OVER TITLE I ELIGIBILITY**

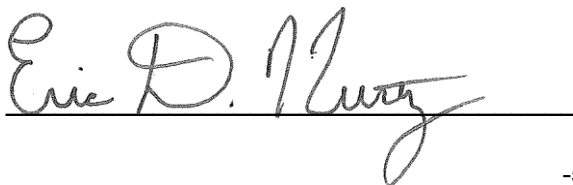
School Corporation has enhanced its internal control system to correct deficiency in Title I program grant agreement and eligibility compliance.

**2012-2 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER SPECIAL TEST AND PROVISIONS**

School Corporation has enhanced its internal control system to correct deficiency in National School Lunch and School Breakfast programs grant agreement compliance. Confirmation reviews have been completed and additional segregation of duties between the Food/Nutritional Services and Business Offices staffs have been implemented. The confirmation review is now completed as part of the verification process.

**2012-3 – COMPLIANCE AND INTERNAL CONTROLS OVER REPORTING FOR THE CHILD NUTRITION CLUSTER**

School Corporation has enhanced its internal control practices to correct deficiency in National School Lunch and School Breakfast programs grant agreement compliance. Food/Nutritional Service and Business Office staffs meet at least monthly to review reconcilements as well as annual fiscal reporting.





**Board of School Trustees**

Mary Pat Burkel  
 Mary Joan Dickson  
 James Sakelaris  
 Connie Sterkowitz  
 Dennis Wilkening

**Central Office**

Thomas L. Taylor, Ed.S.  
 Superintendent of Schools

## CORRECTIVE ACTION PLAN

---

January 4, 2016

<b>FINDING:</b>	<b><u>2014-001- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING</u></b>
<b>STATUS</b>	Corrected

**Contact person Responsible for this Corrective Action Plan:**

Eric Kurtz, Director of Business Services & Treasurer  
 Telephone: 219-374-3504 Fax: 219-374-4411 email: [ekurtz@hanover.k12.in.us](mailto:ekurtz@hanover.k12.in.us)

**Corrective Action:**

The School Corporation is reconciling bank balances to the fund balances every month, as of May 2014. Effective internal controls over financial reporting have been implemented by reconciling the bank monthly. The School Corporation will continue to enhance internal control and oversight. All claims are governing board approved prior to submission of reimbursement request.

The School Corporation pays claims in accordance with board resolution 13/14-09 which grants the fiscal officer the power to pay bills and claims prior to the next board meeting and Indiana Code 20-26-5-4(a) (19) and Indiana Code 20-26-5-4(a)(20) further gives the corporation, officers, and employees the ability to act on behalf of the board with the board ratifying said action at its next meeting in accordance with official attorney opinion letter dated April 24, 2015 [attached as Exhibit A].

  
 Eric D. Kurtz, Treasurer  
 Director of Business Services



**Board of School Trustees**

Mary Pat Burkel  
 Mary Joan Dickson  
 James Sakelaris  
 Connie Sterkowitz  
 Dennis Wilkening

**Central Office**

Thomas L. Taylor, Ed.S.  
*Superintendent of Schools*

## CORRECTIVE ACTION PLAN

---

January 4, 2016

<b>FINDING:</b>	<b><u>2014-002 – INTERNAL CONTROLS OVER THE SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM</u></b>
<b>RE</b>	Federal Agency: U.S. Department of Agriculture Federal Programs: School Breakfast Program, National School Lunch Program CFDA Numbers: 10.553 and 10.555 Federal Award Years: FY2013. FY2014 Pass-Through Entity: Indiana Department of Education
<b>STATUS</b>	Corrected

**Contact person Responsible for this Corrective Action Plan:**

Eric Kurtz, Director of Business Services & Treasurer  
 Telephone: 219-374-3504 Fax: 219-374-4411 email: [ekurtz@hanover.k12.in.us](mailto:ekurtz@hanover.k12.in.us)

**Corrective Action:**

Procedures have been implemented to monitor the balance of the Food Service fund and to ensure payroll expenditures are properly posted. The bank is reconciled monthly to the corporation records and reviewed by the treasurer. As of April 2015, the Director of Nutrition Services reviews the payroll distribution report by fund. All claims are governing board approved prior to reimbursement. The School Corporation will continue to enhance internal control and oversight.

Procedures for determining eligibility and the verification process will change as follows for the 2015/2016 school year. There will be a separation of duties for processing eligibility and verification. For calculating eligibility a staff member will process the applications and another member will approve. The verification process will be separated into an employee completing verification and another employee who re-verifies the calculation of the eligibility determination.

The School Corporation relies on the Northwest Indiana Education Service Center (NWIESC), a governmental entity, which the School Corporation is a member and is also subject to audit by the State Board of Accounts to comply with procurement requirements. Results of the NWIESC's procurements and verification checks for federal and state suspension and debarment of the awarded bidders are made. The board has authorized the use of State Quantity Purchase Agreement (QPA) and NWIESC procurements.



**2014-002 (continued)**

The Nutrition Services Department has established a control to check the accuracy of reporting. Duties have been realigned between the Nutrition Services Department office staff and Business Services Department staff to facilitate the process of maintaining checks and balances of the monthly reimbursement requests and Annual Financial Report.

The School Corporation pays claims in accordance with board resolution 13/14-09 which grants the fiscal officer the power to pay bills and claims prior to the next board meeting and Indiana Code 20-26-5-4(a) (19) and Indiana Code 20-26-5-4(a)(20) further gives the corporation, officers, and employees the ability to act on behalf of the board with the board ratifying said action at its next meeting in accordance with official attorney opinion letter dated April 24, 2015 [attached as Exhibit A].



---

Eric D. Kurtz, Treasurer  
Director of Business Services



**Board of School Trustees**

Mary Pat Burkel  
 Mary Joan Dickson  
 James Sakelaris  
 Connie Sterkowitz  
 Dennis Wilkening

**Central Office**

Thomas L. Taylor, Ed.S.  
 Superintendent of Schools

## CORRECTIVE ACTION PLAN

---

January 4, 2016

<b>FINDING:</b>	<b><u>2014-003 – SPECIAL TESTS AND PROVISIONS – SCHOOL FOOD ACCOUNT</u></b>
<b>RE</b>	Federal Agency: U.S. Department of Agriculture Federal Program: School Breakfast Program, National School Lunch Program CFDA Number: 10.553 and 10.555 Federal Award Years: FY2013, FY2014 Pass-Through Entity: Indiana Department of Education
<b>STATUS</b>	Corrected

**Contact person Responsible for this Corrective Action Plan:**

Eric Kurtz, Director of Business Services & Treasurer  
 Telephone: 219-374-3504 Fax: 219-374-4411 email: [ekurtz@hanover.k12.in.us](mailto:ekurtz@hanover.k12.in.us)

**Corrective Action:**

As of March 2014 the Nutrition Services department receipts federal reimbursements timely.

  
 Eric D. Kurtz, Treasurer  
 Director of Business Services

## CORRECTIVE ACTION PLAN

January 4, 2016

<b>FINDING:</b>	<u><b>2014-004 – INTERNAL CONTROL OVER THE TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES</b></u>
<b>RE</b>	Federal Agency: Department of Education Federal Program: Title I Grants to Local Educational Agencies CFDA Number: 84.010 Federal Award Years: 2011-2012, 2012-2013, 2013-2014, 2014-2015 Pass-Through Entity: Indiana Department of Education
<b>STATUS</b>	Corrected

**Contact person Responsible for this Corrective Action Plan:**

Eric Kurtz, Director of Business Services & Treasurer  
Telephone: 219-374-3504 Fax: 219-374-4411 email: [ekurtz@hanover.k12.in.us](mailto:ekurtz@hanover.k12.in.us)

**Corrective Action:**

The School Corporation will continue to enhance internal control and oversight. Procedures have been implemented to ensure segregation of duties and proper oversight. As of April 2015, the Title I grant coordinator regularly reviews the payroll distribution report by fund. Beginning in June 2015 the claims for reimbursement will be prepared by a member of the Business Services Department and reviewed and verified by different individual knowledgeable of the grant. All claims are governing board approved prior to submission of reimbursement request

The School Corporation pays claims in accordance with board resolution 13/14-09 which grants the fiscal officer the power to pay bills and claims prior to the next board meeting and Indiana Code 20-26-5-4(a) (19) and Indiana Code 20-26-5-4(a)(20) further gives the corporation, officers, and employees the ability to act on behalf of the board with the board ratifying said action at its next meeting in accordance with official attorney opinion letter dated April 24, 2015 [attached as Exhibit A].




---

Eric D. Kurtz, Treasurer  
Director of Business Services

**RESOLUTION 13/14-09**  
**October 22, 2013**  
**Hanover Community School Corporation**  
**Prepayment Resolution**

WHEREAS, the Board of School Trustees will have only one School Board meeting per month; and

WHEREAS, the Board of School Trustees recognizes that certain claims and obligations must be paid in a timely manner according to a set date; and

WHEREAS, the Board of School Trustees may authorize the corporation Treasurer to make these payments in order to avoid a penalty and/or interest charge and/or allow daily operations to continue; and

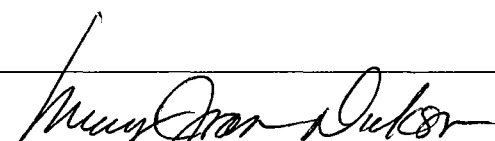
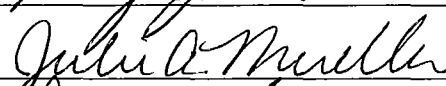
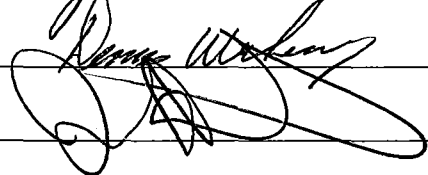
WHEREAS, the claims will be presented to the Board for approval at the next regular monthly docket following the issuance of the payment.

THEREFORE, BE IT RESOLVED, that the Board of School Trustees of the Hanover Community School Corporation authorizes the corporation Treasurer to issue payments prior to Board approval.

Adopted this 22<sup>nd</sup> day of October, 2013.

Ayes

Nays

Attest:

  
Board Secretary

Mark L. Phillips  
Martin W. Kus  
Mark A. Lienhoop  
James W. Kaminski  
William S. Kaminski  
David P. Jones  
Matthew J. Hagenow  
Kristina J. Jacobucci  
Nicholas T. Otis  
Rebecca M. Berg  
Anthony G. Novak



OF COUNSEL  
Edward L. Volk

RETIRED  
Leon R. Kaminski  
Gene M. Jones  
Arthur L. Roule, Jr.  
Daniel E. Lewis, Jr.

P.O. Box 1816 / La Porte, IN 46352 / Street Address: 916 Lincolnway / La Porte, IN 46350  
(219) 362-1577 / Fax (219) 362-2106  
Michigan City Telephone: (219) 879-6300

[www.nlkj.com](http://www.nlkj.com)

April 24, 2015

John E. Newby (1916-1990)  
Daniel E. Lewis (1910-1997)

RECEIVED

APR 27 2015

HANOVER COMMUNITY  
SCHOOL CORPORATION

Mr. Eric Kurtz  
Hanover Community School Corporation  
9520 W. 133<sup>rd</sup> Avenue  
P.O. Box 645  
Cedar Lake, IN 46303

Re: Hanover Community School Corporation

The Board of School Trustee, by resolution 13/14-09 granted your office the power to pay bills and claims prior to the next board meeting. Indiana Code 20-26-5-4(a)(19) and Indiana Code 20-26-5-4(a)(20) further gives the corporation, officers, and employees the ability to act on behalf of the board with the board ratifying said action at its next meeting. Therefore, between the resolution and Indiana law, the Board of School Trustees has authorized your office to pay claims prior to the next board meeting to have it ratified at the next board meeting.

Should you need anything further regarding this, please do not hesitate to contact me at your convenience.

Yours very truly,

**NEWBY, LEWIS, KAMINSKI & JONES, LLP**

By *William S. Kaminski*  
William S. Kaminski  
[wskaminski@nlkj.com](mailto:wskaminski@nlkj.com)

WSK/jlc

cc: Tom Taylor

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.