

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ANDERSON COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
05/30/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kevin Brown	07-01-14 to 06-30-18
Superintendent of Schools	Terry L. Thompson Dr. Timothy Smith	07-01-14 to 06-02-17 06-03-17 to 06-30-18
President of the School Board	Ben Gale Patrick Hill	01-01-14 to 12-31-15 01-01-16 to 12-31-18



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Anderson Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 Payables and Receivables, 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 April 23, 2018, 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 solely 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 effectiveness of the School Corporation's 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

April 23, 2018



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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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Anderson Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 23, 2018, 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 a material weakness and significant deficiencies.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002 to be significant deficiencies.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002.

Anderson Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 23, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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ANDERSON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 4,374,995	\$ 57,643,929	\$ 56,101,220	\$ (1,125,686)	\$ 4,792,018	\$ 56,928,517	\$ 51,313,551	\$ (6,610,010)	\$ 3,796,974
Debt Service	92,306	11,127,210	11,130,304	-	89,212	11,526,139	10,446,421	(1,133,171)	35,759
Retirement/Severance Bond Debt Service	251,971	3,195,428	3,446,853	-	546	3,075,947	3,372,272	462,609	166,830
Capital Projects	31,324	4,724,897	4,702,647	-	53,574	4,440,685	7,613,488	3,287,616	168,387
School Transportation	79,460	4,368,843	4,421,674	-	26,629	4,038,192	5,515,164	1,520,342	69,999
School Bus Replacement	80,106	133,120	105,139	-	108,087	382,665	55,000	(165,380)	270,372
Rainy Day	264,227	-	-	-	264,227	-	-	-	264,227
Retirement/Severance Bond	4,036,445	257	510,277	-	3,526,425	257	492,715	-	3,033,967
General Obligation Pension Bond	-	-	80,118	102,156	22,038	-	2,776	-	19,262
School Lunch	970,295	4,274,248	4,380,680	-	863,863	4,507,893	4,729,098	-	642,658
Textbook Rental	1,927,737	709,457	218,912	-	2,418,282	457,844	859,922	-	2,016,204
Self-Insurance	20,216,338	10,008,370	12,753,130	-	17,471,578	11,036,572	11,386,874	-	17,121,276
Levy Excess	114,051	-	-	-	114,051	-	-	(114,051)	-
Joint Services and Supply - Area Vocational School	-	-	1,125,686	1,125,686	-	-	1,209,038	2,752,410	1,543,372
Alternative Education	407,468	182,099	295,006	-	294,561	127,763	186,267	-	236,057
School Library Printed Material	(19,908)	27,133	7,225	-	-	-	-	-	-
Chef Community Donation	-	-	-	-	-	23,580	2,172	-	21,408
Reading Recovery	224,730	110	1,456	-	223,384	23,338	23,440	-	223,282
School Intervention and Career Counseling	-	-	-	-	-	650	-	-	650
Amanda K. Brece Scholarship	2,878	3	100	-	2,781	-	2,781	-	-
Positive Behavior	2,067	2,700	3,765	-	1,002	-	294	-	708
Safe Route to School	-	14,339	37,300	-	(22,961)	22,961	-	-	-
Guide Corp Elem Enrichment	-	-	-	-	-	-	1,694	-	(1,694)
Wigwam Facility	13,859	-	7,297	-	6,562	-	-	-	6,562
Donations/Gifts	24,983	18	-	-	25,001	19	-	-	25,020
School Safety Grant	-	30,235	50,000	-	(19,765)	28,672	128,700	-	(119,793)
Sally Miller Honorary Grant	-	500	-	-	500	-	500	-	-
CECI Grant	-	132,798	147,161	-	(14,363)	159,522	145,159	-	-
Naval Junior ROTC	(40,008)	57,387	62,460	-	(45,081)	47,399	70,545	-	(68,227)
Uniform Closets	4,962	-	-	-	4,962	-	-	-	4,962
Formative Assessment	-	-	-	-	-	71,747	71,747	-	-
High Ability Grant	(1,427)	55,821	50,664	-	3,730	54,403	48,909	-	9,224
Non-English Speaking Programs	11,341	35,726	38,417	-	8,650	67,103	43,399	-	32,354
Performance Based Awards	5,753	-	5,635	-	118	-	118	-	-
Senator David Ford Technology	-	4,000	4,000	-	-	16,680	71,167	-	(54,487)
Title I	(65,560)	3,188,831	3,200,804	-	(77,533)	4,014,037	4,046,766	-	(110,262)
Title I School Improvement	-	-	-	-	-	49,270	51,670	-	(2,400)
Title I Part D	-	31,258	31,258	-	-	20,833	20,833	-	-
Serve America	-	56,531	56,531	-	-	45,686	45,686	-	-
Special Ed Part B	(58,591)	2,897,620	2,907,266	-	(68,237)	2,293,740	2,225,503	-	-
Special Ed Technical Assistance	(1,595)	12,424	10,829	-	-	10,419	10,419	-	-
Special Ed Preschool, Section 619	-	1,510	1,510	-	-	-	-	-	-
Special Ed Preschool	-	90,898	90,898	-	-	90,652	90,652	-	-
Adult Education	(63,702)	241,774	248,792	-	(70,720)	294,431	243,951	-	(20,240)
Improving Teacher Quality, No Child Left, Title II, Part A	(47,831)	709,997	684,839	-	(22,673)	842,890	838,782	-	(18,565)
Title III - English Proficiency Migrant	(1,341)	60,065	59,217	-	(493)	40,508	42,955	-	(2,940)
Payroll Clearing	1,447,848	17,885,940	17,475,162	-	1,858,626	37,459,048	37,451,911	-	1,865,763
Totals	\$ 34,285,181	\$ 121,905,476	\$ 124,454,232	\$ 102,156	\$ 31,838,581	\$ 142,200,062	\$ 142,862,339	\$ 365	\$ 31,176,669

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

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

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:

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

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

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into two capital leases with the Anderson School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$8,198,000 and \$7,542,000, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides postemployment medical insurance benefits to eligible retirees in accordance with Indiana Code 5-10-8. 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.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	General Obligation Pension Bond
Cash and investments - beginning	\$ 4,374,995	\$ 92,306	\$ 251,971	\$ 31,324	\$ 79,460	\$ 80,106	\$ 264,227	\$ 4,036,445	\$ -
Receipts:									
Local sources	1,462,173	8,527,210	3,135,428	4,224,897	3,368,843	133,120	-	257	-
Intermediate sources	1,324	-	-	-	-	-	-	-	-
State sources	49,874,659	-	-	-	-	-	-	-	-
Federal sources	405,773	-	-	-	-	-	-	-	-
Interfund loans	5,900,000	2,600,000	60,000	500,000	1,000,000	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	57,643,929	11,127,210	3,195,428	4,724,897	4,368,843	133,120	-	257	-
Disbursements:									
Instruction	34,319,094	-	-	-	-	-	-	-	-
Support services	17,245,443	332,304	-	2,226,137	3,121,674	105,139	-	510,277	-
Noninstructional services	376,683	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	363,970	-	-	-	-	-
Debt service	-	8,198,000	3,446,853	112,540	-	-	-	-	80,118
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	4,160,000	2,600,000	-	2,000,000	1,300,000	-	-	-	-
Total disbursements	56,101,220	11,130,304	3,446,853	4,702,647	4,421,674	105,139	-	510,277	80,118
Excess (deficiency) of receipts over disbursements	1,542,709	(3,094)	(251,425)	22,250	(52,831)	27,981	-	(510,020)	(80,118)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	102,156
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(1,125,686)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,125,686)	-	-	-	-	-	-	-	102,156
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	417,023	(3,094)	(251,425)	22,250	(52,831)	27,981	-	(510,020)	22,038
Cash and investments - ending	\$ 4,792,018	\$ 89,212	\$ 546	\$ 53,574	\$ 26,629	\$ 108,087	\$ 264,227	\$ 3,526,425	\$ 22,038

ANDERSON COMMUNITY SCHOOL CORPORATION
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	School Lunch	Textbook Rental	Self-Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Alternative Education	School Library Printed Material	Reading Recovery	Amanda K. Breece Scholarship
Cash and investments - beginning	\$ 970,295	\$ 1,927,737	\$ 20,216,338	\$ 114,051	\$ -	\$ 407,468	\$ (19,908)	\$ 224,730	\$ 2,878
Receipts:									
Local sources	807,656	-	10,008,370	-	-	-	-	110	3
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,164	709,457	-	-	-	182,099	27,133	-	-
Federal sources	3,455,428	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	4,274,248	709,457	10,008,370	-	-	182,099	27,133	110	3
Disbursements:									
Instruction	-	-	-	-	893,522	295,006	7,225	733	-
Support services	-	218,912	-	-	232,164	-	-	723	-
Noninstructional services	4,380,680	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	12,753,130	-	-	-	-	-	100
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	4,380,680	218,912	12,753,130	-	1,125,686	295,006	7,225	1,456	100
Excess (deficiency) of receipts over disbursements	(106,432)	490,545	(2,744,760)	-	(1,125,686)	(112,907)	19,908	(1,346)	(97)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,125,686	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,125,686	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(106,432)	490,545	(2,744,760)	-	-	(112,907)	19,908	(1,346)	(97)
Cash and investments - ending	\$ 863,863	\$ 2,418,282	\$ 17,471,578	\$ 114,051	\$ -	\$ 294,561	\$ -	\$ 223,384	\$ 2,781

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2015

	Positive Behavior	Safe Route to School	Wigwam Facility	Donations/ Gifts	School Safety Grant	Sally Miller Honorary Grant	CECI Grant	Naval Junior ROTC	Uniform Closets
Cash and investments - beginning	\$ 2,067	\$ -	\$ 13,859	\$ 24,983	\$ -	\$ -	\$ -	\$ (40,008)	\$ 4,962
Receipts:									
Local sources	2,700	-	-	18	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	14,339	-	-	30,235	500	132,798	-	-
Federal sources	-	-	-	-	-	-	-	57,387	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,700	14,339	-	18	30,235	500	132,798	57,387	-
Disbursements:									
Instruction	-	-	-	-	-	-	27,937	62,460	-
Support services	3,765	37,300	7,297	-	50,000	-	119,224	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,765	37,300	7,297	-	50,000	-	147,161	62,460	-
Excess (deficiency) of receipts over disbursements	(1,065)	(22,961)	(7,297)	18	(19,765)	500	(14,363)	(5,073)	-
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	(1,065)	(22,961)	(7,297)	18	(19,765)	500	(14,363)	(5,073)	-
Cash and investments - ending	\$ 1,002	\$ (22,961)	\$ 6,562	\$ 25,001	\$ (19,765)	\$ 500	\$ (14,363)	\$ (45,081)	\$ 4,962

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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	High Ability Grant	Non-English Speaking Programs	Performance Based Awards	Senator David Ford Technology	Title I	Title I Part D	Serve America	Spec Ed Part B
Cash and investments - beginning	\$ (1,427)	\$ 11,341	\$ 5,753	\$ -	\$ (65,560)	\$ -	\$ -	\$ (58,591)
Receipts:								
Local sources	2,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	53,821	35,726	-	4,000	-	-	-	-
Federal sources	-	-	-	-	3,188,831	31,258	56,531	2,897,620
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	55,821	35,726	-	4,000	3,188,831	31,258	56,531	2,897,620
Disbursements:								
Instruction	50,664	-	-	-	1,709,025	30,517	-	2,522,082
Support services	-	36,217	5,635	4,000	1,363,467	-	56,531	385,184
Noninstructional services	-	2,200	-	-	22,272	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	106,040	741	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	50,664	38,417	5,635	4,000	3,200,804	31,258	56,531	2,907,266
Excess (deficiency) of receipts over disbursements	5,157	(2,691)	(5,635)	-	(11,973)	-	-	(9,646)
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	5,157	(2,691)	(5,635)	-	(11,973)	-	-	(9,646)
Cash and investments - ending	\$ 3,730	\$ 8,650	\$ 118	\$ -	\$ (77,533)	\$ -	\$ -	\$ (68,237)

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 For the Year Ended June 30, 2015

	Spec Ed Technical Assistance	Spec Ed Preschool, Section 619	Spec Ed Preschool	Adult Education	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll Clearing	Totals
Cash and investments - beginning	\$ (1,595)	\$ -	\$ -	\$ (63,702)	\$ (47,831)	\$ (1,341)	\$ 1,447,848	\$ 34,285,181
Receipts:								
Local sources	-	-	-	-	-	-	-	31,672,785
Intermediate sources	-	-	-	-	-	-	-	1,324
State sources	-	-	-	120,000	-	-	-	51,195,931
Federal sources	12,424	1,510	90,898	121,774	709,997	60,065	-	11,089,496
Interfund loans	-	-	-	-	-	-	-	10,060,000
Other receipts	-	-	-	-	-	-	17,885,940	17,885,940
Total receipts	12,424	1,510	90,898	241,774	709,997	60,065	17,885,940	121,905,476
Disbursements:								
Instruction	-	1,510	85,167	147,738	26,019	50,189	-	40,228,888
Support services	10,829	-	5,731	101,054	650,485	7,759	-	26,837,251
Noninstructional services	-	-	-	-	-	-	-	4,781,835
Facilities acquisition and construction	-	-	-	-	-	-	-	363,970
Debt service	-	-	-	-	-	-	-	11,837,511
Nonprogrammed charges	-	-	-	-	8,335	1,269	17,475,162	30,344,777
Interfund loans	-	-	-	-	-	-	-	10,060,000
Total disbursements	10,829	1,510	90,898	248,792	684,839	59,217	17,475,162	124,454,232
Excess (deficiency) of receipts over disbursements	1,595	-	-	(7,018)	25,158	848	410,778	(2,548,756)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	102,156
Transfers in	-	-	-	-	-	-	-	1,125,686
Transfers out	-	-	-	-	-	-	-	(1,125,686)
Total other financing sources (uses)	-	-	-	-	-	-	-	102,156
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,595	-	-	(7,018)	25,158	848	410,778	(2,446,600)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (70,720)	\$ (22,673)	\$ (493)	\$ 1,858,626	\$ 31,838,581

ANDERSON COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 4,792,018	\$ 89,212	\$ 546	\$ 53,574	\$ 26,629	\$ 108,087	\$ 264,227	\$ 3,526,425
Receipts:								
Local sources	1,500,316	8,376,139	3,075,947	3,740,685	3,138,192	382,665	-	257
State sources	49,970,370	-	-	-	-	-	-	-
Federal sources	597,831	-	-	-	-	-	-	-
Interfund loans	4,860,000	3,150,000	-	700,000	900,000	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	56,928,517	11,526,139	3,075,947	4,440,685	4,038,192	382,665	-	257
Disbursements:								
Instruction	33,341,957	-	-	-	-	-	-	-
Support services	12,814,052	304,421	-	4,750,307	4,515,164	55,000	-	492,715
Noninstructional services	407,542	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,523,482	-	-	-	-
Debt service	-	7,542,000	3,312,272	139,699	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	4,750,000	2,600,000	60,000	1,200,000	1,000,000	-	-	-
Total disbursements	51,313,551	10,446,421	3,372,272	7,613,488	5,515,164	55,000	-	492,715
Excess (deficiency) of receipts over disbursements	5,614,966	1,079,718	(296,325)	(3,172,803)	(1,476,972)	327,665	-	(492,458)
Other financing sources (uses):								
Sale of capital assets	365	-	-	-	-	-	-	-
Transfers in	-	-	462,609	3,287,616	1,520,342	-	-	-
Transfers out	(6,610,375)	(1,133,171)	-	-	-	(165,380)	-	-
Total other financing sources (uses)	(6,610,010)	(1,133,171)	462,609	3,287,616	1,520,342	(165,380)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(995,044)	(53,453)	166,284	114,813	43,370	162,285	-	(492,458)
Cash and investments - ending	\$ 3,796,974	\$ 35,759	\$ 166,830	\$ 168,387	\$ 69,999	\$ 270,372	\$ 264,227	\$ 3,033,967

ANDERSON COMMUNITY SCHOOL CORPORATION
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	General Obligation Pension Bond	School Lunch	Textbook Rental	Self-Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Alternative Education	Chef Community Donation
Cash and investments - beginning	\$ 22,038	\$ 863,863	\$ 2,418,282	\$ 17,471,578	\$ 114,051	\$ -	\$ 294,561	\$ -
Receipts:								
Local sources	-	798,541	-	11,036,572	-	-	-	23,580
State sources	-	12,791	457,844	-	-	-	127,763	-
Federal sources	-	3,696,561	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	4,507,893	457,844	11,036,572	-	-	127,763	23,580
Disbursements:								
Instruction	-	-	-	-	-	958,044	186,267	-
Support services	-	-	859,922	-	-	250,994	-	2,172
Noninstructional services	-	4,729,098	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	2,776	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	11,386,874	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	2,776	4,729,098	859,922	11,386,874	-	1,209,038	186,267	2,172
Excess (deficiency) of receipts over disbursements	(2,776)	(221,205)	(402,078)	(350,302)	-	(1,209,038)	(58,504)	21,408
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,752,410	-	-
Transfers out	-	-	-	-	(114,051)	-	-	-
Total other financing sources (uses)	-	-	-	-	(114,051)	2,752,410	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,776)	(221,205)	(402,078)	(350,302)	(114,051)	1,543,372	(58,504)	21,408
Cash and investments - ending	\$ 19,262	\$ 642,658	\$ 2,016,204	\$ 17,121,276	\$ -	\$ 1,543,372	\$ 236,057	\$ 21,408

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	Reading Recovery	School Intervention and Career Counseling	Amanda K. Breece Scholarship	Positive Behavior	Safe Route to School	Guide Corp Elem Enrichment	Wigwam Facility	Donations/ Gifts
Cash and investments - beginning	\$ 223,384	\$ -	\$ 2,781	\$ 1,002	\$ (22,961)	\$ -	\$ 6,562	\$ 25,001
Receipts:								
Local sources	23,338	650	-	-	-	-	-	19
State sources	-	-	-	-	22,961	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	23,338	650	-	-	22,961	-	-	19
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	23,440	-	-	294	-	1,694	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,781	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	23,440	-	2,781	294	-	1,694	-	-
Excess (deficiency) of receipts over disbursements	(102)	650	(2,781)	(294)	22,961	(1,694)	-	19
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(102)	650	(2,781)	(294)	22,961	(1,694)	-	19
Cash and investments - ending	\$ 223,282	\$ 650	\$ -	\$ 708	\$ -	\$ (1,694)	\$ 6,562	\$ 25,020

ANDERSON COMMUNITY SCHOOL CORPORATION
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	School Safety Grant	Sally Miller Honorary Grant	CECI Grant	Naval Junior ROTC	Uniform Closets	Formative Assessment	High Ability Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ (19,765)	\$ 500	\$ (14,363)	\$ (45,081)	\$ 4,962	\$ -	\$ 3,730	\$ 8,650
Receipts:								
Local sources	-	-	-	-	-	-	-	-
State sources	28,672	-	159,522	-	-	71,747	54,403	67,103
Federal sources	-	-	-	47,399	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	28,672	-	159,522	47,399	-	71,747	54,403	67,103
Disbursements:								
Instruction	-	-	77,057	70,545	-	71,747	48,909	-
Support services	128,700	500	68,102	-	-	-	-	40,205
Noninstructional services	-	-	-	-	-	-	-	3,194
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	128,700	500	145,159	70,545	-	71,747	48,909	43,399
Excess (deficiency) of receipts over disbursements	(100,028)	(500)	14,363	(23,146)	-	-	5,494	23,704
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100,028)	(500)	14,363	(23,146)	-	-	5,494	23,704
Cash and investments - ending	\$ (119,793)	\$ -	\$ -	\$ (68,227)	\$ 4,962	\$ -	\$ 9,224	\$ 32,354

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Performance Based Awards	Senator David Ford Technology	Title I	Title I School Improvement	Title I Part D	Serve America	Spec Ed Part B
Cash and investments - beginning	\$ 118	\$ -	\$ (77,533)	\$ -	\$ -	\$ -	\$ (68,237)
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	16,680	-	-	-	-	-
Federal sources	-	-	4,014,037	49,270	20,833	45,686	2,293,740
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	16,680	4,014,037	49,270	20,833	45,686	2,293,740
Disbursements:							
Instruction	-	-	2,152,896	14,671	20,833	-	2,161,795
Support services	118	71,167	1,812,995	36,999	-	45,686	63,708
Noninstructional services	-	-	47,004	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	33,871	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	118	71,167	4,046,766	51,670	20,833	45,686	2,225,503
Excess (deficiency) of receipts over disbursements	(118)	(54,487)	(32,729)	(2,400)	-	-	68,237
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(118)	(54,487)	(32,729)	(2,400)	-	-	68,237
Cash and investments - ending	\$ -	\$ (54,487)	\$ (110,262)	\$ (2,400)	\$ -	\$ -	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Spec Ed Technical Assistance	Spec Ed Preschool	Adult Education	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (70,720)	\$ (22,673)	\$ (493)	\$ 1,858,626	\$ 31,838,581
Receipts:							
Local sources	-	-	-	-	-	-	32,096,901
State sources	-	-	138,048	-	-	-	51,127,904
Federal sources	10,419	90,652	156,383	842,890	40,508	-	11,906,209
Interfund loans	-	-	-	-	-	-	9,610,000
Other receipts	-	-	-	-	-	37,459,048	37,459,048
Total receipts	10,419	90,652	294,431	842,890	40,508	37,459,048	142,200,062
Disbursements:							
Instruction	8,097	90,652	172,402	-	29,837	-	39,405,709
Support services	2,322	-	71,549	814,005	13,118	-	27,239,349
Noninstructional services	-	-	-	-	-	-	5,186,838
Facilities acquisition and construction	-	-	-	-	-	-	1,523,482
Debt service	-	-	-	-	-	-	10,996,747
Nonprogrammed charges	-	-	-	24,777	-	37,451,911	48,900,214
Interfund loans	-	-	-	-	-	-	9,610,000
Total disbursements	10,419	90,652	243,951	838,782	42,955	37,451,911	142,862,339
Excess (deficiency) of receipts over disbursements	-	-	50,480	4,108	(2,447)	7,137	(662,277)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	365
Transfers in	-	-	-	-	-	-	8,022,977
Transfers out	-	-	-	-	-	-	(8,022,977)
Total other financing sources (uses)	-	-	-	-	-	-	365
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	50,480	4,108	(2,447)	7,137	(661,912)
Cash and investments - ending	\$ -	\$ -	\$ (20,240)	\$ (18,565)	\$ (2,940)	\$ 1,865,763	\$ 31,176,669

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 297,550</u>	<u>\$ 383,591</u>

ANDERSON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Anderson School Building Corporation	SERIES 2006 REFUNDING BONDS	\$ 6,321,000	03/17/06	01/15/28
Anderson School Building Corporation	FIRST MORTGAGE REFUNDING BONDS SERIES 2015	<u>1,220,000</u>	01/13/15	01/05/40
Total governmental activities		<u>7,541,000</u>		
Total of annual lease payments		<u>\$ 7,541,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	PENSION BONDS SERIES 2015	\$ 27,950,000	\$ 2,470,799
General obligation bonds	SEVERANCE BONDS SERIES 2012C	<u>1,295,000</u>	<u>841,065</u>
Total governmental activities		<u>29,245,000</u>	<u>3,311,864</u>
Totals		<u>\$ 29,245,000</u>	<u>\$ 3,311,864</u>

ANDERSON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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.

	Ending Balance
Governmental activities:	
Land	\$ 760,000
Buildings	234,932,798
Improvements other than buildings	3,380,487
Machinery, equipment, and vehicles	<u>13,755,415</u>
Total governmental activities	<u>252,828,700</u>
Total capital assets	<u><u>\$ 252,828,700</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Anderson Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. 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. Except as discussed in the following paragraph, 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.

Basis for Qualified Opinion on Supporting Effective Instruction State Grants

As described in item 2016-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management that are applicable to its Supporting Effective Instruction State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

As described in item 2016-008 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Supporting Effective Instruction State Grants regarding Special Tests and Provisions - Assessment of Needs. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

Qualified Opinion on Supporting Effective Instruction State Grants

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Supporting Effective Instruction State Grants* paragraph and the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Supporting Effective Instruction State Grants regarding Special Tests and Provisions - Assessment of Needs, described in the *Basis for Qualified Opinion on Supporting Effective Instruction State Grants* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Supporting Effective Instruction State Grants for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

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 2016-004. 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.

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

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 a 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 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, and 2016-008, 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

April 23, 2018

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.

ANDERSON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 14-15	\$ -	\$ 760,371	\$ -	\$ -
			FY 15-16	-	-	-	807,183
National School Lunch Program							
Basic Grant		10.555	FY 14-15	-	2,695,057	-	-
			FY 15-16	-	-	-	2,878,737
Commodities			FY 14-15	-	271,946	-	-
			FY 15-16	-	-	-	275,608
Total - National School Lunch Program				-	2,967,003	-	3,154,345
Summer Food Service Program for Children		10.559	FY 15-16	-	-	-	10,641
Total - Child Nutrition Cluster				-	3,727,374	-	3,972,169
Total - Department of Agriculture				-	3,727,374	-	3,972,169
<u>Department of Education</u>							
Special Education Cluster (IDEA)	Indiana Department of Education						
Special Education_Grants to States		84.027	14213-002-PN01	-	372	-	-
			14214-002-PN01	-	908,284	-	-
			14215-002-PN01	-	1,988,964	-	161,699
			14216-002-PN01	-	-	-	2,132,041
			99914-002-TA01	-	12,424	-	10,419
Total - Special Education_Grants to States				-	2,910,044	-	2,304,159
Special Education_Preschool Grants		84.173	45714-002-PN01	-	1,510	-	-
			45715-002-PN01	-	90,898	-	-
			45716-002-PN01	-	-	-	90,652
Total - Special Education_Preschool Grants				-	92,408	-	90,652
Total - Special Education Cluster (IDEA)				-	3,002,452	-	2,394,811
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002	C1-4-AE-3-797	-	61,557	-	-
			C1-5-AE-A-797	-	60,217	-	81,687
			C1-6-AE-5-797	-	-	-	74,696
Total - Adult Education - Basic Grants to States				-	121,774	-	156,383
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-5275	-	738,341	-	-
Basic Grant			15-5275	-	2,450,491	-	618,404
			16-5275	-	-	-	3,395,633
Total - Title I Grants to Local Educational Agencies				-	3,188,832	-	4,014,037

ANDERSON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013	15-5275 16-5275	- -	31,258 -	- -	- 20,833
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	31,258	-	20,833
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048	13-4700-5275 14-4700-5275 16-4700-5275	- - -	44,386 245,002 -	- - -	- - 289,183
Total - Career and Technical Education -- Basic Grants to States				-	289,388	-	289,183
Education for Homeless Children and Youth	Indiana Department of Education	84.196	A58-4-14SS-1777 7000S196A140015 7000S196A150015	13,904 24,627 -	22,904 33,627 -	- 16,373 21,313	- 16,373 29,313
Total - Education for Homeless Children and Youth				38,531	56,531	37,686	45,686
English Language Acquisition State Grants Title III, Part A Language Instruction	Indiana Department of Education	84.365	01114-001-PN01 01115-062-PN01 01116-063-PN01	- - -	18,830 41,235 -	- - -	- 36,254 4,254
Total - English Language Acquisition State Grants				-	60,065	-	40,508
Supporting Effective Instruction State Grants Title II, Part A, Improving Teacher Quality	Indiana Department of Education	84.367	12-5275 13-5275 14-5275 15-5275	- - - -	339,430 - 370,566 -	- - - -	- 496,949 129,276 216,665
Total - Supporting Effective Instruction State Grants				-	709,996	-	842,890
School Improvement Grants	Indiana Department of Education	84.377	15-5275 16-5275	- -	- -	- -	28,000 21,270
Total - School Improvement Grants				-	-	-	49,270
Total - Department of Education				38,531	7,460,296	37,686	7,804,331
Total federal awards expended				\$ 38,531	\$ 11,187,670	\$ 37,686	\$ 11,825,770

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	no
Type of auditor's report issued on compliance for major programs:	Qualified for Supporting Effective Instruction State Grants; Unmodified for the Other Major Programs
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.010	Title I Grants to Local Educational Agencies
84.367	Supporting Effective Instruction State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$690,403

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-001.

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

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which was the source of the School Corporation's SEFA. The Deputy Treasurer prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA presented for audit contained numerous errors for a total overstatement of \$5,475,942. The material errors were as follows:

- Commodities required to be reported under the National School Lunch Program (CFDA 10.555) were omitted in the amount of \$271,946 and \$275,608 for fiscal year 2015 and fiscal year 2016, respectively.
- For fiscal year 2015, the National School Lunch Program expenditures were overstated by \$1,042,820.
- For fiscal year 2016:
 - The National School Lunch Program expenditures were overstated by \$774,599.
 - The Special Education_Grants to States expenditures were overstated by \$1,660,241.
 - The Title I Grants to Local Educational Agencies expenditures were overstated by \$1,844,222.
 - The Career and Technical Education -- Basic Grants to States expenditures were overstated by \$245,002.
 - The Supporting Effective Instruction State Grants expenditures were overstated by \$301,955.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

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

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, misstatements remained undetected. The SEFA contained the errors identified in the *Context*.

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

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Findings: Significant Deficiency, Noncompliance

Condition

There were several deficiencies in the internal control system of the School Corporation related to Financial Transactions and Reporting of the School Lunch fund.

- **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to cash, receipts, and disbursements of the School Lunch fund. At the school level, the same individual collected money, reconciled the cash register, and deposited the money. At the Food Service Office level, the same individual posted receipts and disbursements, prepared/issued checks, performed the bank reconciliation, and generated the financial statements with no oversight. Additionally, no review of the School Lunch fund's financial statement was performed prior to submission to the School Corporation's accounting department to ensure that the information was accurate, as a result errors were discovered in the presented School Lunch fund's financial activity.

Context

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period.

The following errors were noted in the presentation of the School Lunch fund's financial activity:

- The fiscal year 2015 Summary Financial Report's July 1, 2014 balance of \$907,243 did not agree with the prior June 30, 2014 reported balance of \$970,295 for a beginning variance of \$63,052, which was handled by the Deputy Treasurer via an adjustment to the fiscal year 2015 reported disbursements.
- The fiscal year 2015 Summary Financial Report's June 30, 2015 balance of \$867,105 did not agree with the Spring Semester Summary Financial Report's June 30, 2015 balance of \$863,863 reported in the financial statements for an ending variance of \$3,242.
- The fiscal year 2016 Summary Financial Report's June 30, 2016 balance of \$642,303 did not agree with the reported Spring Semester Summary Financial Report's June 30, 2015 balance of \$642,658 reported in the financial statements for an ending variance of \$356.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management had not established a proper system of internal control within or over the Food Service Office. An evaluation of the School Corporation Food Service Office's system of internal control had not been conducted.

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation establish a system of internal controls related to Financial Transactions and Reporting of the School Lunch fund.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Cash Management, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements.

- Cash Management: There was no evidence of oversight by the School Corporation to ensure that the food service balance was less than or equal to the average expenditures for three months.
- Program Income: There was no evidence of oversight by the School Corporation to ensure that the recording and depositing of program income were timely and correct.
- Reporting: The reimbursement reports to the state were prepared and submitted by one individual without any evidence of oversight or review.
- Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only): Paid Lunch Equity calculations were prepared by the Food Service Director without an oversight, review, or approval process.
- Special Tests and Provisions - School Food Accounts (School Breakfast Program and National School Lunch Program only): Receipts and disbursements were posted to the School Food Account by one individual without an oversight, review, or approval process.

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period and was attributed to the Food Service office handling all program activities and operating as an Extracurricular Account instead of as a department of the School Corporation. Therefore, the activities of the Food Service office were not being overseen by the Business office or the governing School Board.

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

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that ensured compliance with the Cash Management, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The Food Service office did not have a policy for Procurement and Suspension and Debarment for the audit period. The Food Service office did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract and that the vendor followed the procurement requirement with the federal program.

Context

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period and was attributed to the Food Service office handling all program activities and operating as an Extracurricular Account instead of as a department of the School Corporation. Therefore, the activities of the Food Service office were not being overseen by the Business office or the governing School Board.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

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

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

Indiana Code 5-22-6-1 states: "The purchasing agency of a governmental body may purchase services using any procedure the governmental body or the purchasing agency of the governmental body considers appropriate."

Indiana Code 5-22-6-2 states:

"(a) A governmental body may adopt rules governing the purchase of services for the governmental body.

(b) The purchasing agency of a governmental body may establish policies regarding the purchase of services for the governmental body."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls that ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. A lack of segregation of duties within an internal control system could have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-005

Subject: Title I Grants to Local Educational Agencies - Level of Effort - Supplement Not Supplant, Earmarking, Period of Performance, Reporting, Special Tests and Provisions - Comparability, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, and Special Tests and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5275, 15-5275, 16-5275

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Period of Performance; Reporting; Special Tests and Provisions - Comparability; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Reporting and Special Tests and Provisions - Comparability. The prior audit finding number was 2014-002.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Level of Effort, Earmarking; Period of Performance; Reporting, Special Tests and Provisions - Comparability; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; and Special Tests and Provisions - Assessment System Security compliance requirements.

- Level of Effort - Supplement not Supplant, Earmarking, and Special Tests and Provisions - Assessment System Security: No documentation was provided showing the School Corporation designated an individual to monitor for compliance with this requirement, nor was there an individual to oversee the monitoring.
- Period of Performance: Adjustments were made moving expenditures between grant funds with no evidence of oversight.
- Reporting: The Accounting Supervisor prepared and submitted the Final Annual Expenditure report with no evidence of oversight.
- Special Tests and Provisions - Comparability: The Grants Coordinator prepared the comparability reports from computer software that was used to create ADM reports and the AESOP system that tracked teacher absences with no evidence of oversight.

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

- Special Tests and Provisions - Annual Report Card, High School Graduation Rate: The high school registrar was solely responsible for reporting the mobility of students in the School Corporation. The information was entered into PowerSchool based on documentation that was provided or information that the high school registrar received. There was no oversight of this reporting.
- Special Tests and Provisions - Assessment System Security: A process had not been established for the evaluation of the assessment system security.

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that ensured compliance with the Level of Effort, Earmarking; Period of Performance; Reporting; Special Tests and Provisions - Comparability; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; and Special Tests and Provisions - Assessment System Security compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Level of Effort, Earmarking; Period of Performance; Reporting; Special Tests and Provisions - Comparability; Special Tests and Provisions - Annual Report Card, High School Graduation Rate; and Special Tests and Provisions - Assessment System Security compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-006

Subject: Supporting Effective Instruction State Grants - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 12-5275, 13-5275, 14-5275, 15-5275

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Expenditures were made from the grant without evidence of monitoring for compliance with the grant requirements. Purchases from the School Corporation's central stores, purchases by credit card, purchases of professional development equipment, and adjustments between separate grants contained no documentation of monitoring for compliance with grant requirements.

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-007

Subject: Supporting Effective Instruction State Grants - Cash
Management and Period of Performance

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 12-5275, 13-5275, 14-5275, 15-5275

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Performance

Audit Findings: Material Weakness, Modified Opinion

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Period of Performance compliance requirements.

- Cash Management and Period of Performance: Adjustments were made between individual grant projects without evidence of monitoring for compliance with the grant requirements.
- Cash Management: Expenses totaling \$349,369 were reimbursed prior to payment for Grant 14-5275.
- Period of Performance: Unobligated expenses totaling \$1,750 were paid after the period of performance for Grant 13-5275.

Context

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period.

The School Corporation submitted the application for Grant 13-5275 on June 26, 2015, and received approval from the Indiana Department of Education on June 29, 2015. Instead of using Grant 13-5275 to pay Title II expenses from that point forward through the end of the grant period, the School Corporation recorded an adjustment to recognize expenses paid by Grant 14-5275 for the period of July 1, 2013 to July 14, 2015, as Grant 13-5275 expenses and requested reimbursement for these under Grant 13-5275. To prevent these expenses from being reimbursed twice, the School Corporation posted the offsetting entry as a negative disbursement to Grant 14-5275. This resulted in expenses totaling \$349,369 being prepaid for Grant 14-5275 and unobligated expenses of \$1,750 being paid after the period of performance for Grant 13-5275.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 80.21(d) states in part: "*Reimbursement*. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

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

2 CFR 200.305(b)(3) states in part: "Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met . . ."

34 CFR 80.23(a) states:

"General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

2 CFR 200.309 states in part:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance . . . and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

Cause

Management had not developed a system of internal controls that ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. A lack of segregation of duties within an internal control system could have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2016-008

Subject: Supporting Effective Instruction State Grants - Special Tests and Provisions - Assessment of Need
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 12-5275, 13-5275, 14-5275, 15-5275
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment of Need
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement.

Documentation was not provided to document evidence of monitoring over nor compliance with this requirement.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

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

Cause

Management had not developed a system of internal controls that ensured compliance with the Special Tests and Provisions - Assessment of Need compliance requirement.

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Assessment of Need compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the Special Tests and Provisions - Assessment of Need compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment of Need compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above.

We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the grant agreement and the compliance requirement listed above.

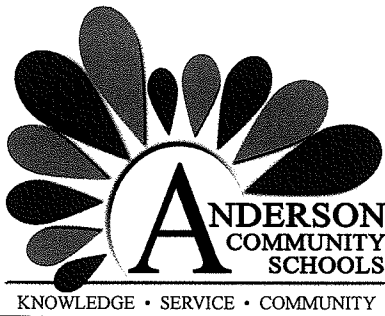
Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENTS

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



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

1600 Hillcrest Avenue • Anderson, Indiana 46011 • 765.641.2010 • FAX 765.641.2081

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2014.001

Original SBA Audit Report Number: B45254
Fiscal Year July 1, 2012 to June 30, 2014
Auditee Contact Person Kevin J. Brown
Title of Contact Person CFO/Treasurer
Phone Number 765-641-2010
Status of Finding: See Below

Contact Person Responsible for Corrective Action: Donna Curtis, Director of Food Service
Contact Phone Number: (765) 641-2094

Original Description of Corrective Action Plan (Original response dated 4-30-15)

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

Anticipated Completion Date: Immediate.

CURRENT STATUS (as of 3-16-18):

It was found that commodities that were required to be reported under the NSLP, CFDA 10.555 were omitted. Corrective action: The dollar amount of our commodity entitlement is now reported to Janet Windlan, the Deputy Treasurer / Accounting Supervisor on an annual basis.

Further findings mentioned the inadequacies of our cashiering procedures, carry over monies and lack of internal controls to monitor all revenue. Corrective Action: We now have in place an electronic Point of Sale Program that we did not have in the 2015 audit. Reports run on a daily basis monitor all revenue at each POS location, including pre-paid accounts. The cash from all registers is entered into a cash count report, drawers are balanced and reports are generated that include under/overpayments at each POS location. These reports are now printed daily by the Head Cashier in each of our school locations. The Manager signs off to the accuracy of the report and a deposit is compiled of all monies, initialed by the Manager and taken to the bank daily.

Finding Number 2014.002

Original SBA Audit Report Number: B45254
Fiscal Year July 1, 2012 to June 30, 2014
Auditee Contact Person Kevin J. Brown
Title of Contact Person CFO/Treasurer
Phone Number 765-641-2010
Status of Finding: See Below

Contact Person Responsible for Corrective Action: Pamela K. Storm, Title 1 Coordinator
Contact Phone Number: (765) 641-2160

Original Description of Corrective Action Plan (Original response dated 4-30-15)

It is recognized that there is a high burden of proof for paying for food and beverages with Federal Funds. As a result, the Anderson Community School Corporation will discontinue the purchase of food and beverage that is not allowed under the law.
Regarding the payroll distribution report, the Title I director will review said distribution on a consistent basis.

Anticipated Completion Date: Immediate.

Current Status (as of 3-16-18)

As the Federal Grants Coordinator, I monthly check all payroll's distribution report to make sure it is correct. I have made sure there is no purchase of food and beverage that is not allowed under the law.
Pam Storm

Finding Number 2014.003

Original SBA Audit Report Number: B45254
Fiscal Year July 1, 2012 to June 30, 2014
Auditee Contact Person Kevin J. Brown
Title of Contact Person CFO/Treasurer
Phone Number 765-641-2010

Status of Finding:

See Below

Contact Person Responsible for Corrective Action: Angela J. Vickery, Director of Special Education
Contact Phone Number: (765) 641-2126

Original Description of Corrective Action Plan (Original response dated 4-10-15)

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

Anticipated Completion Date: Immediate.

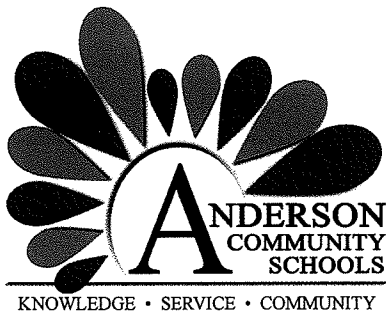
Current Status (as of 3-16-18)

1. Since the last audit, Special education has pulled names of substitute teachers, the dates they substituted, and who they substituted for that have been paid from the part B grants.
2. We, also since the last audit work with payroll to receive monthly payroll sheets so we can check to see who is being charged to Part B grants and verify that these are correct with what is stated in the grant.
3. The last item we needed to set up was internal control. My special education department meets with Janet Windlan, Supervisor of Accounting, monthly to go over grants and expenditures from Part B 611 and 619.

Respectfully submitted,



Kevin J. Brown



1600 Hillcrest Avenue • Anderson, Indiana 46011 • 765.641.2000 • FAX 765.641.2081

SUMMARY SCHEDULE OF CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS
4-23-18

Finding Number 2016-001

Fiscal Year 7-1-14 TO 6-30-16
Auditee Contact Person Kevin J. Brown
Title of Contact Person CFO/Treasurer
Phone Number 765-641-2010
Status of Finding: SEE BELOW

CONTACT PERSON(S) RESPONSIBLE FOR CORRECTIVE ACTION: Janet R. Windlan, Deputy Treasurer 765-641-2006 and Kevin J. Brown, CFO and Treasurer 765-641-2010.

CORRECTIVE ACTION PLAN:
CURRENT STATUS AS OF 4-23-18:

The SEFA report is a financial reporting system that was originally performed by the State Board of Accounts. The last two audits have required the corporation to do the reporting on a State website called Gateway. The Gateway program can be difficult to use allowing mistakes to happen such as previous line items not deleted and thus overstating the financials, which is what had happened in this audit period.

As far as the ongoing SEFA report, we will work with Gateway to have the ability to print out the SEFA report. Once we have the printout this will help us to see if there are previous grants still listed on the report. There were a few previous grants still listed on the report in error, however we couldn't see them on the Gateway Report. Janet Windlan will prepare the data/report and have Kevin Brown review the data before it is submitted on Gateway.

We think the State should do/should have done training on the SEFA report since we were given the report without any instruction.

Finding Number 2016-002

Fiscal Year 7-1-14 TO 6-30-16
Auditee Contact Person Kevin J. Brown
Title of Contact Person CFO/Treasurer

Phone Number 765-641-2010

Status of Finding: SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Donna Curtis, Director of Food Service.
Contact phone number: 765-641-2094.

CORRECTIVE ACTION PLAN:
CURRENT STATUS (AS OF 4-23-18):

The National School Lunch Program financials were given to the deputy treasurer for insertion into Gateway. The corporation financial office does not oversee Food Service, so we have to rely on their figures. The Commodities were never given to the ACS financial office, however the Food Service department is now aware of the need for this information and it will be given to the corporation in the future.

In regards to the deficiencies found in reporting financial activities within the Department, the Bookkeeper will now prepare a financial statement on a timely basis, the Food Service Director will verify and submit report to the Deputy Treasurer for review each month.

The Food Service Director will sign-off on all business transactions within the Department including posting receipts, preparation of the claim, daily deposits, and the bank reconciliation.
At the building level, the Head Cashier will print the cash counter report, day end summary and deposit slip, submit to the Manager for verification and submit all copies to the Food Service Office. These records will be kept in the Food Service office.

Finding Number 2016-003

Fiscal Year 7-1-14 TO 6-30-16

Auditee Contact Person Kevin J. Brown

Title of Contact Person CFO/Treasurer

Phone Number 765-641-2010

Status of Finding: SEE BELOW

Section III – Federal Award Findings and Questioned Costs

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Donna Curtis, Director of Food Service.
Contact phone number: 765-641-2094.

CORRECTIVE ACTION PLAN:
CURRENT STATUS (AS OF 4-23-18):

In regards to Cash Management, the Food Service Director will submit a monthly Financial Statement to the Business office for review. The Deputy Treasurer will continue to receive a Financial report midyear and year end from the Food Service office after it has been approved by the Director.

After reviewing financial statements during this time frame, it has been discovered there were omissions of large equipment purchased for three specific buildings, Southview, Killbuck and 10th Street totaling 64,063.16. It is my feeling the Financial reports were not complete when submitted to the Deputy Treasurer and when additions were made, a current copy was not submitted. With the errors not being corrected in a timely manner, they were carried forward to the following school year.

In the future, the Food Service Director will sign-off on all financial transactions within the department including deposits and reimbursement reports after verifying for accuracy. No reports will be submitted to the Deputy Treasurer that are not accurate and complete. Any errors will be researched and found prior to submission to the Deputy Treasurer. Records will be kept in the Food Service Office. The Paid Lunch Equity form provided by the IDOE will be sent to the Superintendent for approval prior to submission to the State and prior to School Board approval.

Finding Number 2016-004

Fiscal Year	7-1-14 TO 6-30-16
Auditee Contact Person	Kevin J. Brown
Title of Contact Person	CFO/Treasurer
Phone Number	765-641-2010
Status of Finding:	SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Donna Curtis, Director of Food Service.
Contact phone number: 765-641-2094.

CORRECTIVE ACTION PLAN:
CURRENT STATUS (AS OF 4-23-18):

In regards to Procurement, Suspension and Debarment weakness within the Procurement plan, the Food Service Office did not have a plan in place during the review time frame, however this was corrected July 1, 2017 and presented to the IDOE for approval as part of the application process for SY 17-18. In regards to OMB Circular A-87, personal activity reports (time/effort) the Food Service Department has 130 employees that work at 12 locations and report to work the same time every day, perform the same duties, work the same hours preparing lunch and breakfast, 181 days of the year. Each individual signs a job description which is then signed by the Manager at that location and submitted to the Food Service Director for review. Employees are evaluated on a periodic basis to reinforce job responsibilities. Internal controls are in place regarding this citing. Managers at each location ensure that job responsibilities are being enforced on a daily basis.

Finding Number 2016-005

Fiscal Year	7-1-14 TO 6-30-16
Auditee Contact Person	Kevin J. Brown
Title of Contact Person	CFO/Treasurer
Phone Number	765-641-2010
Status of Finding:	SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Pam Storm, Coordinator of Federal Grants.
Contact phone number: 765-641-2160.

CORRECTIVE ACTION PLAN:

CURRENT STATUS AS OF 4-23-18:

1. Findings Level of Effort - Supplement not Supplant, Earmarking, and Special Tests and Provisions Assessment System Security: No documentation was provided showing the School Corporation designated an individual to monitor for compliance with this requirement nor was there an individual to oversee the monitoring.

Response: Supplement not Supplant: To ensure that Title I Part A funds are used to provide services that are in addition to the regular services normally provided by a school district for participating children, the district must use these funds to supplement, not supplant regular non-Federal funds. "Supplement, Not Supplant" procedures describe how the district ensures that Title I funds are used only to supplement, and not supplant, state and local funds that would, in the absence of Title I funds, be spent on Title I students. This sample template is not an official Anderson Community School document. It is provided only as an example. The procedures below will assist the district in demonstrating that it uses Title I funds only to supplement, and to the extent practical, increase the level of funds that would, in the absence of Title I funds, be made available from non-Federal sources for the education of children participating in Title I programs. The LEA and / or schools must demonstrate that Title I funds supplement those funds that are required to be provided to the schoolwide program schools. Possible evidences include: school budgets, district budget, and back-up documentation demonstrating that the schools are receiving proper amount of funds for free public education, including funds for services for English Learners and Special Education students. All expenditures in Schoolwide programs must be aligned to the comprehensive needs assessment and described in the written schools' PL221 plan.

Guidance and Counseling (if applicable) The district and schools will demonstrate that guidance or counseling services paid for by Title I funds are provided to Title I participants and are supplemental to other available guidance and counseling services. Evidence will include: a list of participants (district staff will review to ensure they are Title I students) and a description of services that demonstrates they meet the needs of Title I students and parents. The guidance and counseling services do not duplicate those that, in the absence of Title I funds, would be provided to all students and parents.

Schoolwide Programs The district and/or schools will demonstrate that Title I funds supplement those funds that are required to be provided to the schoolwide program schools. Evidence includes: the district budget; and back-up documentation demonstrating that the schools are receiving proper amount of funds for free public education, including funds for services for LEP and Special Education students. Schoolwide Programs The district and/or schools will demonstrate that Title I funds supplement those funds that are required to be provided to the schoolwide program schools. Evidence includes: the school budget; the district budget; and back-up documentation demonstrating that the schools are receiving proper amount of funds for free public education, including funds for services for LEP and Special Education students.

2. Finding Period of Performance: Adjustments were made moving expenditures between grant funds with no evidence of oversight.
When an adjustment is made Deputy Treasurer will sign documentation as well as Federal grants coordinator. The Deputy Treasurer will keep documentation on file for 5 years.
3. Finding: The accounting Supervisor prepared and submitted the Final annual Expenditure report with no evidence of oversight.

When Deputy Treasure completes Final Annual Expenditure report she will submit to Federal Grants Coordinator who will sign off on report. Then both will keep signed copy for records.

4. Findings: Comparability: The Grants Coordinator prepares the comparability reports from the state's reporting system with no evidence of oversight.
5. Comparability report-Human Resources and Power School Technology will provide the data for the report Federal Grants Coordinator will prepare the report then Assistant Superintendent will sign-off. The Federal Grants Coordinator will submit the report.

Finding Number 2016-006

Fiscal Year	7-1-14 TO 6-30-16
Auditee Contact Person	Kevin J. Brown
Title of Contact Person	CFO/Treasurer
Phone Number	765-641-2010
Status of Finding:	SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Ryan Glaze, Assistant Superintendent/ Pam Storm, Coordinator of Federal Grants.
Contact Phone Number: 765-641-2148.

CORRECTIVE ACTION PLAN:
CURRENT STATUS AS OF 4-23-18:

Central Stores

A central stores request for will be filled out prior to purchase from central stores. All purchases will be signed off by the assistant superintendent.

Purchase by Credit Card

If purchasing using the corporation credit card. A Credit Card Purchasing Form will be filled out completely and sent to the assistant superintendent for a signature. After assistant superintendent's signature the form will be sent to the Administrative Assistant for the Chief Financial Officer for processing and signature.

Control Environment-Organizational Structure for Purchases Using Purchase Order
Assistant Superintendent → Federal Grants Coordinator → Federal Grant Secretary
↓
Chief Financial Officer → Corporation Duty Treasurer → Purchasing

Assistant Superintendent Responsibilities-Monitoring Compliance Activities, Information and Communication

- Initiate Annual Needs Assessment
- Review School Improvement Plans
- Analyze Assessment Data
- Triangulate Information for Discussion with Building Level and Central Office Level Personnel.
- Develop a plan to meet the needs of instructional staff throughout the district.
- Point of origin for contracted services, professional development activities, and other service.

Federal Grant Coordinator Responsibilities-Risk Assessment, Information and Communication

- Make sure purchase aligns with Title II Grant Objective
- Attach appropriate account numbers and sign off
- Send account numbers to Federal Grants Secretary for Purchase Order Processing

Federal Grant Secretary Responsibilities-Control Activities

- Generate Detailed Purchase Order
- Send to Assistant Superintendent for Signature-Control Activities
- After Assistant Superintendent Signature Purchase Order Sent to Chief Financial Officer

Chief Financial Officer Responsibilities-Monitoring and Control Activities

- Sign off on Purchase Order
- Send to Duty Treasure and Purchasing Secretary

Finding Number 2016-007

Fiscal Year 7-1-14 TO 6-30-16

Auditee Contact Person Kevin J. Brown

Title of Contact Person CFO/Treasurer

Phone Number 765-641-2010

Status of Finding: SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Ryan Glaze, Assistant Superintendent/ Pam Storm, Coordinator of Federal Grants.
Contact Phone Number: 765-641-2148.

CORRECTIVE ACTION PLAN:
CURRENT STATUS AS OF 4-23-18:

- The corporation will establish internal controls over the federal award by insuring funds are expended from the appropriate fiscal year grant.
 - Federal Grant Coordinator
 - Review Monthly Summary of Accounts from Deputy Treasure Sign off and Return to Treasurer in Order to Guaranteeing the Monitoring of Expenses According to Grant Goals

Finding Number 2016-008

Fiscal Year 7-1-14 TO 6-30-16

Auditee Contact Person Kevin J. Brown

Title of Contact Person CFO/Treasurer

Phone Number 765-641-2010

Status of Finding:

SEE BELOW

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Ryan Glaze, Assistant Superintendent/ Pam Storm, Coordinator of Federal Grants.
Contact Phone Number: 765-641-2148.

CORRECTIVE ACTION PLAN:
CURRENT STATUS AS OF 4-23-18:

- The assistant superintendent will initiate an annual assessment of needs to gather data for the next years professional development. This needs assessment will sent out during the month of May using a digital format for use collection and analysis. This results of the needs assessment, school improvement plans, and assessment data will be triangulated in order to plan upcoming professional development.

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/>.