

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

AUDIT REPORT

OF

ZIONSVILLE COMMUNITY SCHOOLS

BOONE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/28/2008



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances.....	11-12
Notes to Financial Statements .....	13-21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-31
Schedule of Capital Assets.....	32
Schedule of Long-Term Debt .....	33
Audit Results and Comments:	
Overdrawn Fund Balances .....	34
Textbook Rental and Fees .....	34-35
Health Clinic Treatment Fees .....	35-36
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	38-39
Schedule of Expenditures of Federal Awards .....	40
Notes to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs .....	42
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	43
Exit Conference.....	44
Official Response .....	45-49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Shafer	07-01-05 to 06-30-08
Superintendent of Schools	Howard Hull	07-01-05 to 01-26-06
	Robert Bostwick (Interim)	01-27-06 to 06-30-06
	Scott Robison	07-01-06 to 06-30-08
President of the School Board	Robert Wingerter	07-01-05 to 06-30-08



**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 FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE ZIONSVILLE COMMUNITY SCHOOLS, BOONE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zionsville Community Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 11, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 11, 2007



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE ZIONSVILLE COMMUNITY SCHOOLS, BOONE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zionsville Community Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 11, 2007

ZIONSVILLE COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 15,306,781	\$ -	\$ 783,772	\$ (14,523,009)
Support services	22,696,279	2,467,341	229,194	(19,999,744)
Community services	330,155	-	-	(330,155)
Nonprogrammed charges	617,215	-	-	(617,215)
Debt service	<u>15,385,706</u>	<u>-</u>	<u>-</u>	<u>(15,385,706)</u>
Total governmental activities	<u>\$ 54,336,136</u>	<u>\$ 2,467,341</u>	<u>\$ 1,012,966</u>	<u>(50,855,829)</u>
General receipts:				
Property taxes				28,962,001
Other local sources				6,704,980
State aid				13,680,671
Sale of property, adjustments, and refunds				375
Investment earnings				<u>651,631</u>
Total general receipts				<u>49,999,658</u>
Change in net assets				(856,171)
Net assets - beginning				<u>21,064,646</u>
Net assets - ending				<u>\$ 20,208,475</u>
<u>Assets</u>				
Cash and investments				\$ 14,189,045
Restricted assets:				
Cash and investments				<u>6,019,430</u>
Total assets				<u>\$ 20,208,475</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 6,019,430
Unrestricted				<u>14,189,045</u>
Total net assets				<u>\$ 20,208,475</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 17,001,064	\$ -	\$ 901,327	\$ -	\$ (16,099,737)
Support services	22,000,877	2,868,058	267,663	-	(18,865,156)
Community services	232,482	-	-	-	(232,482)
Nonprogrammed charges	1,606,329	-	-	-	(1,606,329)
Debt service	<u>12,471,544</u>	-	-	-	<u>(12,471,544)</u>
Total governmental activities	<u>\$ 53,312,296</u>	<u>\$ 2,868,058</u>	<u>\$ 1,168,990</u>	<u>\$ -</u>	<u>(49,275,248)</u>
General receipts:					
Property taxes					17,940,315
Other local sources					3,553,806
State aid					14,066,645
Bonds and loans					7,449,239
Sale of property, adjustments, and refunds					325
Investment earnings					<u>833,448</u>
Total general receipts					<u>43,843,778</u>
Change in net assets					(5,431,470)
Net assets - beginning					<u>20,208,475</u>
Net assets - ending					<u>\$ 14,777,005</u>
<u>Assets</u>					
Cash and investments					\$ 14,146,615
Restricted assets:					
Cash and investments					<u>630,390</u>
Total assets					<u>\$ 14,777,005</u>
<u>Net Assets</u>					
Restricted for:					
Debt service					\$ 630,390
Unrestricted					<u>14,146,615</u>
Total net assets					<u>\$ 14,777,005</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 15,224,671	\$ 2,577,809	\$ 11,039,367	\$ 4,711,100	\$ 783,370	\$ 4,449,565	\$ 38,785,882
Intermediate sources	71	-	-	-	-	-	71
State sources	13,789,069	442	-	-	-	192,339	13,981,850
Federal sources	-	-	-	-	-	711,787	711,787
Sale of property, adjustments and refunds	-	-	-	-	-	375	375
<b>Total receipts</b>	<b>29,013,811</b>	<b>2,578,251</b>	<b>11,039,367</b>	<b>4,711,100</b>	<b>783,370</b>	<b>5,354,066</b>	<b>53,479,965</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	14,591,796	-	-	-	-	714,985	15,306,781
Support services	13,536,725	2,470,164	-	3,235,984	620,127	2,833,279	22,696,279
Community services	199,150	-	-	-	-	131,005	330,155
Nonprogrammed charges	538,262	-	-	-	-	78,953	617,215
Debt services	3,667,511	617,614	10,463,881	-	-	636,700	15,385,706
<b>Total disbursements</b>	<b>32,533,444</b>	<b>3,087,778</b>	<b>10,463,881</b>	<b>3,235,984</b>	<b>620,127</b>	<b>4,394,922</b>	<b>54,336,136</b>
Excess (deficiency) of receipts over disbursements	(3,519,633)	(509,527)	575,486	1,475,116	163,243	959,144	(856,171)
<b>Other financing sources (uses):</b>							
Transfers in	103,384	92,728	-	-	-	140,000	336,112
Transfers out	(140,000)	-	-	-	-	(196,112)	(336,112)
<b>Total other financing sources (uses)</b>	<b>(36,616)</b>	<b>92,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56,112)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,556,249)	(416,799)	575,486	1,475,116	163,243	903,032	(856,171)
Cash and investments - beginning	7,271,561	907,703	5,060,672	5,301,523	651,640	1,871,547	21,064,646
Cash and investments - ending	\$ 3,715,312	\$ 490,904	\$ 5,636,158	\$ 6,776,639	\$ 814,883	\$ 2,774,579	\$ 20,208,475
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 3,715,312	\$ 490,904	\$ -	\$ 6,776,639	\$ 814,883	\$ 2,391,307	\$ 14,189,045
<b>Restricted assets:</b>							
Cash and investments	-	-	5,636,158	-	-	383,272	6,019,430
<b>Total cash and investment assets - ending</b>	<b>\$ 3,715,312</b>	<b>\$ 490,904</b>	<b>\$ 5,636,158</b>	<b>\$ 6,776,639</b>	<b>\$ 814,883</b>	<b>\$ 2,774,579</b>	<b>\$ 20,208,475</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ 5,636,158	\$ -	\$ -	\$ 383,272	\$ 6,019,430
Unrestricted	3,715,312	490,904	-	6,776,639	814,883	2,391,307	14,189,045
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,715,312</b>	<b>\$ 490,904</b>	<b>\$ 5,636,158</b>	<b>\$ 6,776,639</b>	<b>\$ 814,883</b>	<b>\$ 2,774,579</b>	<b>\$ 20,208,475</b>

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

ZIONSVILLE COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 9,181,068	\$ 1,549,377	\$ 6,651,492	\$ 3,714,526	\$ 385,763	\$ 3,713,330	\$ 25,195,556
Intermediate sources	71	-	-	-	-	-	71
State sources	14,198,499	3,912	-	-	-	214,849	14,417,260
Federal sources	-	-	-	-	-	818,375	818,375
Bonds and loans	6,417,910	1,031,329	-	-	-	-	7,449,239
Sale of property, adjustments and refunds	-	-	-	-	-	325	325
<b>Total receipts</b>	<u>29,797,548</u>	<u>2,584,618</u>	<u>6,651,492</u>	<u>3,714,526</u>	<u>385,763</u>	<u>4,746,879</u>	<u>47,880,826</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	16,104,154	-	-	-	-	896,910	17,001,064
Support services	13,700,116	2,354,378	-	3,023,932	900,976	2,782,801	22,762,203
Community services	222,853	-	-	-	-	9,629	232,482
Nonprogrammed charges	745,283	-	-	-	-	99,720	845,003
Debt services	-	-	11,716,131	-	-	755,413	12,471,544
<b>Total disbursements</b>	<u>30,772,406</u>	<u>2,354,378</u>	<u>11,716,131</u>	<u>3,023,932</u>	<u>900,976</u>	<u>4,544,473</u>	<u>53,312,296</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(974,858)</u>	<u>230,240</u>	<u>(5,064,639)</u>	<u>690,594</u>	<u>(515,213)</u>	<u>202,406</u>	<u>(5,431,470)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	11,846	11,846
Transfers out	(2,917)	(1,299)	(5,379)	(1,553)	(328)	(370)	(11,846)
<b>Total other financing sources (uses)</b>	<u>(2,917)</u>	<u>(1,299)</u>	<u>(5,379)</u>	<u>(1,553)</u>	<u>(328)</u>	<u>11,476</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(977,775)</u>	<u>228,941</u>	<u>(5,070,018)</u>	<u>689,041</u>	<u>(515,541)</u>	<u>213,882</u>	<u>(5,431,470)</u>
<b>Cash and investments - beginning</b>	<u>3,715,312</u>	<u>490,904</u>	<u>5,636,158</u>	<u>6,776,639</u>	<u>814,883</u>	<u>2,774,579</u>	<u>20,208,475</u>
<b>Cash and investments - ending</b>	<u>\$ 2,737,537</u>	<u>\$ 719,845</u>	<u>\$ 566,140</u>	<u>\$ 7,465,680</u>	<u>\$ 299,342</u>	<u>\$ 2,988,461</u>	<u>\$ 14,777,005</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 2,737,537	\$ 719,845	\$ -	\$ 7,465,680	\$ 299,342	\$ 2,924,211	\$ 14,146,615
Restricted assets:							
Cash and investments	-	-	566,140	-	-	64,250	630,390
<b>Total cash and investment assets - ending</b>	<u>\$ 2,737,537</u>	<u>\$ 719,845</u>	<u>\$ 566,140</u>	<u>\$ 7,465,680</u>	<u>\$ 299,342</u>	<u>\$ 2,988,461</u>	<u>\$ 14,777,005</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 566,140	\$ -	\$ -	\$ 64,250	\$ 630,390
Unrestricted	<u>2,737,537</u>	<u>719,845</u>	<u>-</u>	<u>7,465,680</u>	<u>299,342</u>	<u>2,924,211</u>	<u>14,146,615</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,737,537</u>	<u>\$ 719,845</u>	<u>\$ 566,140</u>	<u>\$ 7,465,680</u>	<u>\$ 299,342</u>	<u>\$ 2,988,461</u>	<u>\$ 14,777,005</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2006

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Interest	\$ 52,209	
Deductions:		
Benefits	275,387	
Deficiency of total additions over total deductions	(223,178)	
Cash and investment fund balance - beginning	1,402,596	
Cash and investment fund balance - ending	<u>\$ 1,179,418</u>	
Net assets:		
Cash and investments	<u>\$ 1,179,418</u>	<u>\$ 885,305</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,179,418</u>	<u>\$ 885,305</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2007

	Pension Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 53,229	
Deductions:		
Benefits	<u>391,207</u>	
Deficiency of total additions over total deductions	(337,978)	
Cash and investment fund balance - beginning	<u>1,179,418</u>	
Cash and investment fund balance - ending	<u>\$ 841,440</u>	
Net assets:		
Cash and investments	<u>\$ 841,440</u>	<u>\$ 244,396</u>
Total net assets - cash and investment basis held in trust	<u>\$ 841,440</u>	<u>\$ 244,396</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with eight other schools in a joint venture to operate West Central Joint Services Co-op which was created to provide services to special education students. The School Corporation is obligated by contract to contribute annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Metropolitan School District of Wayne Township, Marion County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

Agency funds account for assets held by the School Corporation as an agent for state and federal taxing agencies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 12 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 to 4 days per year. Unused personal leave may be accumulated to a maximum of 6 days. Accumulated personal leave is paid to employees.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.

ZIONSVILLE COMMUNITY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash Activities.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2006	June 30, 2007
Textbook Rental	\$ 12,555	\$ -
Reading Recovery	-	2,000

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

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had no investments.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	Year Ended:	
		June 30, 2006	June 30, 2007
General Fund	Textbook Rental Fund	\$ 140,000	\$ -
	Ley Excess Fund	-	2,917
Transportation Operating Fund	Ley Excess Fund	-	1,299
Debt Service Fund	Ley Excess Fund	-	5,379
Capital Projects Fund	Ley Excess Fund	-	1,553
Bus Replacement Fund	Ley Excess Fund	-	328
Special Education Preschool Fund	Ley Excess Fund	-	17
Ley Excess Fund	General Fund	103,384	-
Ley Excess Fund	Transportation Operating Fund	92,728	-
Pension Debt Service Fund	Ley Excess Fund	-	353
Totals		<u>\$ 336,112</u>	<u>\$ 11,846</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the General Fund where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$90,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Holding Corporations

The School Corporation has entered into capital leases with the following holding corporations (the lessors):

Eagle-Union Elementary School Building Corporation  
Eagle-Union Community Schools Building Corporation  
Eagle-Union Middle School Building Corporation  
Zionsville Community Schools Building Corporation

The lessors were 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 ending June 30, 2006, and June 30, 2007, totaled \$10,148,644 and \$10,526,191, respectively.

D. Subsequent Events

In December of 2007, the school board approved a plan to renovate the high school building. The total cost of the renovation is expected to be approximately \$2,000,000 to be paid from local funds.

E. Pension Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

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

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2005, 2006, and 2007, were \$529,487, \$633,186, and \$753,898, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Special Education	Reading Recovery
<b>Receipts:</b>						
Local sources	\$ 49,135	\$ 1,479,695	\$ 513,595	\$ -	\$ 95,259	\$ -
State sources	119,985	26,867	11,533	-	-	15,500
Federal sources	-	121,967	-	-	430,491	-
Sale of property, adjustments and refunds	-	375	-	-	-	-
<b>Total receipts</b>	<b>169,120</b>	<b>1,628,904</b>	<b>525,128</b>	<b>-</b>	<b>525,750</b>	<b>15,500</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	15,411	-	-	-	366,432	-
Support services	4,332	1,528,852	694,217	-	163,241	15,500
Community services	89,238	-	-	-	-	-
Nonprogrammed charges	-	78,953	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>108,981</b>	<b>1,607,805</b>	<b>694,217</b>	<b>-</b>	<b>529,673</b>	<b>15,500</b>
Excess (deficiency) of receipts over disbursements	60,139	21,099	(169,089)	-	(3,923)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	140,000	-	-	-
Transfers out	-	-	-	(196,112)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>140,000</b>	<b>(196,112)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	60,139	21,099	(29,089)	(196,112)	(3,923)	-
Cash and investments - beginning	381,669	628,153	16,534	196,112	11,494	-
Cash and investments - ending	<u>\$ 441,808</u>	<u>\$ 649,252</u>	<u>\$ (12,555)</u>	<u>\$ -</u>	<u>\$ 7,571</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 441,808	\$ 649,252	\$ (12,555)	\$ -	\$ 7,571	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 441,808</b>	<b>\$ 649,252</b>	<b>\$ (12,555)</b>	<b>\$ -</b>	<b>\$ 7,571</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	441,808	649,252	(12,555)	-	7,571	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 441,808</b>	<b>\$ 649,252</b>	<b>\$ (12,555)</b>	<b>\$ -</b>	<b>\$ 7,571</b>	<b>\$ -</b>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	<u>Donations</u>	<u>Education Foundation Grants</u>	<u>Education Technology Grants</u>	<u>Gifted and Talented</u>	<u>Non-English Speaking Grant</u>	<u>Technology</u>
<b>Receipts:</b>						
Local sources	\$ 80,828	\$ 50,507	\$ -	\$ 1,461	\$ -	\$ 18,919
State sources	-	-	-	18,082	372	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>80,828</u>	<u>50,507</u>	<u>-</u>	<u>19,543</u>	<u>372</u>	<u>18,919</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	75,647	54,257	-	16,877	-	18,718
Support services	-	-	-	239	986	75,316
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>75,647</u>	<u>54,257</u>	<u>-</u>	<u>17,116</u>	<u>986</u>	<u>94,034</u>
Excess (deficiency) of receipts over disbursements	<u>5,181</u>	<u>(3,750)</u>	<u>-</u>	<u>2,427</u>	<u>(614)</u>	<u>(75,115)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,181</u>	<u>(3,750)</u>	<u>-</u>	<u>2,427</u>	<u>(614)</u>	<u>(75,115)</u>
Cash and investments - beginning	<u>89,192</u>	<u>22,993</u>	<u>4,948</u>	<u>6,330</u>	<u>626</u>	<u>108,777</u>
Cash and investments - ending	<u>\$ 94,373</u>	<u>\$ 19,243</u>	<u>\$ 4,948</u>	<u>\$ 8,757</u>	<u>\$ 12</u>	<u>\$ 33,662</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 94,373	\$ 19,243	\$ 4,948	\$ 8,757	\$ 12	\$ 33,662
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 94,373</u>	<u>\$ 19,243</u>	<u>\$ 4,948</u>	<u>\$ 8,757</u>	<u>\$ 12</u>	<u>\$ 33,662</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>94,373</u>	<u>19,243</u>	<u>4,948</u>	<u>8,757</u>	<u>12</u>	<u>33,662</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 94,373</u>	<u>\$ 19,243</u>	<u>\$ 4,948</u>	<u>\$ 8,757</u>	<u>\$ 12</u>	<u>\$ 33,662</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Technology Buddy Program	Performance Based Awards	Health Clinic Treatment Fee	Campus Parking	Title I
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 127,506	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	128,921
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>127,506</u>	<u>-</u>	<u>128,921</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	66,644
Support services	72	-	179,346	-	10,914
Community services	-	-	-	-	41,767
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>72</u>	<u>-</u>	<u>179,346</u>	<u>-</u>	<u>119,325</u>
Excess (deficiency) of receipts over disbursements	<u>(72)</u>	<u>-</u>	<u>(51,840)</u>	<u>-</u>	<u>9,596</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(72)</u>	<u>-</u>	<u>(51,840)</u>	<u>-</u>	<u>9,596</u>
Cash and investments - beginning	<u>72</u>	<u>4,246</u>	<u>84,061</u>	<u>-</u>	<u>19,940</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ 32,221</u>	<u>\$ -</u>	<u>\$ 29,536</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 4,246	\$ 32,221	\$ -	\$ 29,536
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ 32,221</u>	<u>\$ -</u>	<u>\$ 29,536</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,246	32,221	-	29,536
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ 32,221</u>	<u>\$ -</u>	<u>\$ 29,536</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title V	Drug Free Schools	Drug Free Schools 00-01	Safe Haven	Title II
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 55
State sources	-	-	-	-	-
Federal sources	16,413	11,546	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>16,413</u>	<u>11,546</u>	<u>-</u>	<u>-</u>	<u>55</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	19,026	-	-	-	81,849
Support services	5,000	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>24,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,849</u>
Excess (deficiency) of receipts over disbursements	<u>(7,613)</u>	<u>11,546</u>	<u>-</u>	<u>-</u>	<u>(81,794)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,613)</u>	<u>11,546</u>	<u>-</u>	<u>-</u>	<u>(81,794)</u>
Cash and investments - beginning	<u>20,038</u>	<u>8,164</u>	<u>11,105</u>	<u>21,125</u>	<u>93,056</u>
Cash and investments - ending	<u>\$ 12,425</u>	<u>\$ 19,710</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 11,262</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 12,425	\$ 19,710	\$ 11,105	\$ 21,125	\$ 11,262
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 12,425</u>	<u>\$ 19,710</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 11,262</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>12,425</u>	<u>19,710</u>	<u>11,105</u>	<u>21,125</u>	<u>11,262</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 12,425</u>	<u>\$ 19,710</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 11,262</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title II Enhancing Technology	Title III	Pension Bond Debt Service	Construction 2003	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 899	\$ 954,825	\$ 1,076,881	\$ 4,449,565
State sources	-	-	-	-	192,339
Federal sources	2,449	-	-	-	711,787
Sale of property, adjustments and refunds	-	-	-	-	375
	<u>2,449</u>	<u>899</u>	<u>954,825</u>	<u>1,076,881</u>	<u>5,354,066</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	124	-	-	714,985
Support services	-	-	-	155,264	2,833,279
Community services	-	-	-	-	131,005
Nonprogrammed charges	-	-	-	-	78,953
Debt services	-	-	636,700	-	636,700
	<u>-</u>	<u>124</u>	<u>636,700</u>	<u>155,264</u>	<u>4,394,922</u>
Total disbursements	<u>-</u>	<u>124</u>	<u>636,700</u>	<u>155,264</u>	<u>4,394,922</u>
Excess (deficiency) of receipts over disbursements	<u>2,449</u>	<u>775</u>	<u>318,125</u>	<u>921,617</u>	<u>959,144</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	140,000
Transfers out	-	-	-	-	(196,112)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,112)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,112)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,449</u>	<u>775</u>	<u>318,125</u>	<u>921,617</u>	<u>903,032</u>
Cash and investments - beginning	<u>-</u>	<u>532</u>	<u>65,147</u>	<u>77,233</u>	<u>1,871,547</u>
Cash and investments - ending	<u>\$ 2,449</u>	<u>\$ 1,307</u>	<u>\$ 383,272</u>	<u>\$ 998,850</u>	<u>\$ 2,774,579</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 2,449	\$ 1,307	\$ -	\$ 998,850	\$ 2,391,307
Restricted assets:					
Cash and investments	-	-	383,272	-	383,272
Total cash and investment assets - ending	<u>\$ 2,449</u>	<u>\$ 1,307</u>	<u>\$ 383,272</u>	<u>\$ 998,850</u>	<u>\$ 2,774,579</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 383,272	\$ -	\$ 383,272
Unrestricted	<u>2,449</u>	<u>1,307</u>	<u>-</u>	<u>998,850</u>	<u>2,391,307</u>
Total cash and investment fund balance - ending	<u>\$ 2,449</u>	<u>\$ 1,307</u>	<u>\$ 383,272</u>	<u>\$ 998,850</u>	<u>\$ 2,774,579</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Special Education	Reading Recovery
<b>Receipts:</b>						
Local sources	\$ 44,001	\$ 1,633,828	\$ 1,074,152	\$ -	\$ 62,986	\$ -
State sources	132,704	31,262	16,852	-	-	15,500
Federal sources	-	134,336	-	-	457,997	-
Sale of property, adjustments and refunds	-	325	-	-	-	-
<b>Total receipts</b>	<b>176,705</b>	<b>1,799,751</b>	<b>1,091,004</b>	<b>-</b>	<b>520,983</b>	<b>15,500</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	122,556	-	-	-	413,300	-
Support services	24,589	1,629,103	761,326	-	43,795	17,500
Community services	9,629	-	-	-	-	-
Nonprogrammed charges	-	99,720	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>156,774</b>	<b>1,728,823</b>	<b>761,326</b>	<b>-</b>	<b>457,095</b>	<b>17,500</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>19,931</b>	<b>70,928</b>	<b>329,678</b>	<b>-</b>	<b>63,888</b>	<b>(2,000)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	11,846	-	-
Transfers out	(17)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>11,846</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>19,914</b>	<b>70,928</b>	<b>329,678</b>	<b>11,846</b>	<b>63,888</b>	<b>(2,000)</b>
<b>Cash and investments - beginning</b>	<b>441,808</b>	<b>649,252</b>	<b>(12,555)</b>	<b>-</b>	<b>7,571</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 461,722</b>	<b>\$ 720,180</b>	<b>\$ 317,123</b>	<b>\$ 11,846</b>	<b>\$ 71,459</b>	<b>\$ (2,000)</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 461,722	\$ 720,180	\$ 317,123	\$ 11,846	\$ 71,459	\$ (2,000)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 461,722</b>	<b>\$ 720,180</b>	<b>\$ 317,123</b>	<b>\$ 11,846</b>	<b>\$ 71,459</b>	<b>\$ (2,000)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	461,722	720,180	317,123	11,846	71,459	(2,000)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 461,722</b>	<b>\$ 720,180</b>	<b>\$ 317,123</b>	<b>\$ 11,846</b>	<b>\$ 71,459</b>	<b>\$ (2,000)</b>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Donations	Education Foundation Grants	Education Technology Grants	Gifted and Talented	Non-English Speaking Grant	Technology
Receipts:						
Local sources	\$ 98,381	\$ 64,706	\$ -	\$ 1,470	\$ 4,890	\$ 27,524
State sources	-	-	-	18,082	449	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
	<u>98,381</u>	<u>64,706</u>	<u>-</u>	<u>19,552</u>	<u>5,339</u>	<u>27,524</u>
Total receipts						
Disbursements:						
Current:						
Instruction	93,223	40,256	-	20,940	-	17,563
Support services	-	-	-	195	1,539	1,870
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
	<u>93,223</u>	<u>40,256</u>	<u>-</u>	<u>21,135</u>	<u>1,539</u>	<u>19,433</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>5,158</u>	<u>24,450</u>	<u>-</u>	<u>(1,583)</u>	<u>3,800</u>	<u>8,091</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,158</u>	<u>24,450</u>	<u>-</u>	<u>(1,583)</u>	<u>3,800</u>	<u>8,091</u>
Cash and investments - beginning	<u>94,373</u>	<u>19,243</u>	<u>4,948</u>	<u>8,757</u>	<u>12</u>	<u>33,662</u>
Cash and investments - ending	<u>\$ 99,531</u>	<u>\$ 43,693</u>	<u>\$ 4,948</u>	<u>\$ 7,174</u>	<u>\$ 3,812</u>	<u>\$ 41,753</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 99,531	\$ 43,693	\$ 4,948	\$ 7,174	\$ 3,812	\$ 41,753
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 99,531</u>	<u>\$ 43,693</u>	<u>\$ 4,948</u>	<u>\$ 7,174</u>	<u>\$ 3,812</u>	<u>\$ 41,753</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>99,531</u>	<u>43,693</u>	<u>4,948</u>	<u>7,174</u>	<u>3,812</u>	<u>41,753</u>
Total cash and investment fund balance - ending	<u>\$ 99,531</u>	<u>\$ 43,693</u>	<u>\$ 4,948</u>	<u>\$ 7,174</u>	<u>\$ 3,812</u>	<u>\$ 41,753</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Technology Buddy Program	Performance Based Awards	Health Clinic Treatment Fee	Campus Parking	Title I
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 208,593	\$ 17,172	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	116,651
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>208,593</u>	<u>17,172</u>	<u>116,651</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	109,369
Support services	-	-	240,814	4,535	12,175
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>-</u>	<u>-</u>	<u>240,814</u>	<u>4,535</u>	<u>121,544</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(32,221)</u>	<u>12,637</u>	<u>(4,893)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(32,221)</u>	<u>12,637</u>	<u>(4,893)</u>
Cash and investments - beginning	<u>-</u>	<u>4,246</u>	<u>32,221</u>	<u>-</u>	<u>29,536</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ -</u>	<u>\$ 12,637</u>	<u>\$ 24,643</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 4,246	\$ -	\$ 12,637	\$ 24,643
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ -</u>	<u>\$ 12,637</u>	<u>\$ 24,643</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,246	-	12,637	24,643
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ -</u>	<u>\$ 12,637</u>	<u>\$ 24,643</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title V	Drug Free Schools	Drug Free Schools 00-01	Safe Haven	Title II
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	17,639	7,336	-	-	84,416
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>17,639</u>	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>84,416</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	13,438	-	-	-	66,085
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>13,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,085</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>4,201</u>	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>18,331</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>4,201</u>	<u>7,336</u>	<u>-</u>	<u>-</u>	<u>18,331</u>
<b>Cash and investments - beginning</b>	<u>12,425</u>	<u>19,710</u>	<u>11,105</u>	<u>21,125</u>	<u>11,262</u>
<b>Cash and investments - ending</b>	<u>\$ 16,626</u>	<u>\$ 27,046</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 29,593</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 16,626	\$ 27,046	\$ 11,105	\$ 21,125	\$ 29,593
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 16,626</u>	<u>\$ 27,046</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 29,593</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>16,626</u>	<u>27,046</u>	<u>11,105</u>	<u>21,125</u>	<u>29,593</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 16,626</u>	<u>\$ 27,046</u>	<u>\$ 11,105</u>	<u>\$ 21,125</u>	<u>\$ 29,593</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II Enhancing Technology	Title III	Pension Bond Debt Service	Construction 2003	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 436,744	\$ 38,883	\$ 3,713,330
State sources	-	-	-	-	214,849
Federal sources	-	-	-	-	818,375
Sale of property, adjustments and refunds	-	-	-	-	325
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>-</u>	<u>-</u>	<u>436,744</u>	<u>38,883</u>	<u>4,746,879</u>
<b>Disbursements:</b>					
Current:					
Instruction	-	180	-	-	896,910
Support services	-	-	-	45,360	2,782,801
Community services	-	-	-	-	9,629
Nonprogrammed charges	-	-	-	-	99,720
Debt services	-	-	755,413	-	755,413
	<u>-</u>	<u>-</u>	<u>755,413</u>	<u>-</u>	<u>755,413</u>
Total disbursements	<u>-</u>	<u>180</u>	<u>755,413</u>	<u>45,360</u>	<u>4,544,473</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(180)</u>	<u>(318,669)</u>	<u>(6,477)</u>	<u>202,406</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	11,846
Transfers out	-	-	(353)	-	(370)
	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>-</u>	<u>11,476</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>-</u>	<u>11,476</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(180)</u>	<u>(319,022)</u>	<u>(6,477)</u>	<u>213,882</u>
Cash and investments - beginning	<u>2,449</u>	<u>1,307</u>	<u>383,272</u>	<u>998,850</u>	<u>2,774,579</u>
Cash and investments - ending	<u>\$ 2,449</u>	<u>\$ 1,127</u>	<u>\$ 64,250</u>	<u>\$ 992,373</u>	<u>\$ 2,988,461</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 2,449	\$ 1,127	\$ -	\$ 992,373	\$ 2,924,211
Restricted assets:					
Cash and investments	-	-	64,250	-	64,250
	<u>-</u>	<u>-</u>	<u>64,250</u>	<u>-</u>	<u>64,250</u>
Total cash and investment assets - ending	<u>\$ 2,449</u>	<u>\$ 1,127</u>	<u>\$ 64,250</u>	<u>\$ 992,373</u>	<u>\$ 2,988,461</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 64,250	\$ -	\$ 64,250
Unrestricted	<u>2,449</u>	<u>1,127</u>	<u>-</u>	<u>992,373</u>	<u>2,924,211</u>
Total cash and investment fund balance - ending	<u>\$ 2,449</u>	<u>\$ 1,127</u>	<u>\$ 64,250</u>	<u>\$ 992,373</u>	<u>\$ 2,988,461</u>

ZIONSVILLE COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2007

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

	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 8,382,889
Buildings	124,814,459
Improvements other than buildings	11,300
Machinery and equipment	7,698,561
Construction in progress	<u>50,182,461</u>
 Total capital assets not being depreciated	 <u><u>\$ 191,089,670</u></u>

ZIONSVILLE COMMUNITY SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

For the Year Ended June 30, 2007

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
1996 Lease	\$ 24,750,017	\$ 1,725,000
1998 Lease	3,530,000	265,000
1999 Middle School Lease	28,576,984	1,843,685
2000 Elementary Lease	4,482,133	146,052
2002 Pool Middle School Lease	20,607,848	1,066,761
2003A Freshman Center Lease	5,982,853	120,000
2003Z Stonegate Elementary Lease	3,170,000	-
2005A & 2005Z Leases	113,225,054	-
2007 Lease	27,915,000	20,000
Bonds payable:		
General obligation bonds:		
1998 Bonds	285,000	190,000
2004 Pension Bonds	825,000	265,000
Total governmental activities long-term debt	<u>\$ 233,349,889</u>	<u>\$ 5,641,498</u>

ZIONSVILLE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds had negative balances at June 30:

Fund	2006	2007
Textbook Rental	\$ 12,555	\$ -
Reading Recovery	-	2,000

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TEXTBOOK RENTAL AND FEES

The School Corporation, at the time of charging and collecting textbook rental fees, requires other fees to be paid including, but not limited to, a supply fee for most classes, a testing fee, and a student handbook fee. School Corporation Officials did not provide documentation to verify students received consumable goods equal to the fee charged. High School and Middle School textbook rental and fees are not approved by the Board of School Trustees.

The following schedule compares, for some of the classes, the calculated textbook rental charge with the actual charge approved by the School Board (this schedule is not all-inclusive):

	Book Cost	Rental Rates at 25% of Cost	School Board Approved Rental Rates	Variance
Chemistry I	\$ 50.47	\$ 12.62	\$ 15.87	\$ (3.25)
Chemistry II	57.97	14.49	35.88	(21.39)
Pre-Algebra	41.97	10.49	13.25	(2.76)
Algebra II Honors	57.48	14.37	20.88	(6.51)
English 8	45.99	11.50	24.74	(13.24)
Honors English 10	48.99	12.25	32.80	(20.55)

Additionally to the rental of textbooks, the Schools charged each student for the actual cost of consumable goods. The School Corporation was unable to provide evidence to prove that the students received consumable goods equal the fee charged for the following fees (this schedule is not all-inclusive):

ZIONSVILLE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

	Documented Costs of Materials and Supplies	School Board Approved Fees	Variance
Chemistry I	\$ -	\$ 18.00	\$ (18.00)
Chemistry II	-	20.00	(20.00)
Algebra II Honors	-	2.00	(2.00)
Honors English 10	-	4.00	(4.00)
Physical Ed 8	10.55	24.50	(13.95)
Media Art	-	140.00	(140.00)
High School Handbook	-	6.00	(6.00)

Indiana Code 20-26-12-2 states in part: "(a) Each governing body may purchase from a contracting publisher, at the net contract price or at a subsequent lower price, any textbook adopted by the State Board of Education and selected by the proper local officials, and may rent these textbooks to students. . . . at an annual rental not to exceed twenty-five percent (25%) of the retail price of the textbook."

We are of the audit position that up to twenty-five (25%) percent of the retail price of a textbook may be collected annually (which could include actual shipping and handling) for each year of the original six year adoption period. (The School Administrator, Volume 145, page 6)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HEALTH CLINIC TREATMENT FEE

The School Corporation, at the time of charging and collecting textbook rental fees, charges a Health Clinic Treatment Fee (previously called a Health Service Fee) in the amount of \$40 per student.

Relating to the Health Clinic Treatment Fee (previously called a Health Service Fee), Official Opinion Number 2001-4, issued June 15, 2001, by the Indiana Attorney General, states in part:

". . . A school corporation violates the 'tuition without charge' clause of the Indiana Constitution when it imposes a Health Service Fee."

The legal counsel for the Indiana Department of Education in an April 11, 2000, letter to the School Corporation and reprinted in The School Administrator and Uniform Compliance Guidelines, Volume 150 pages 4 and 5, provided their legal position on the Health Clinic Treatment Fee (previously called a Health Service Fee) which states in part:

". . . I am of the opinion that charging a 'health service fee' that pays for salaries and services provided for by the General Assembly and funded through tax levies violates Indiana's Constitution . . .

ZIONSVILLE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

While I recognize the authority of a school corporation to exercise powers not otherwise specifically granted by statute, the authority of the school corporation home rule act does not extend so far as to authorize a school corporation to charge fees to cover the salaries of school personnel. Such fees would be in violation of Article 8, Section 1 of the Indiana Constitution."

The Constitution of the State of Indiana, Article 8, Section 1 states: "Knowledge and learning, generally diffused throughout a community, being essential to the preservation of a free government; it shall be the duty of the General Assembly to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all."

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE ZIONSVILLE COMMUNITY SCHOOLS, BOONE COUNTY, INDIANA

Compliance

We have audited the compliance of the Zionsville Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 11, 2007

ZIONSVILLE COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education National School Lunch Program	10.555	06-0630 07-0630	\$ 191,124 -	\$ - 235,129
Total for federal grantor agency			<u>191,124</u>	<u>235,129</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	05-0630 06-0630 07-0630	6,359 112,966 -	- 5,248 116,296
Total for program			<u>119,325</u>	<u>121,544</u>
Pass-Through Metropolitan School District of Wayne Township, Marion County Special Education - Grants to States	84.027	14205-063-PN01 14206-063-PN01 14207-063-PN01	935 444,524 -	- - 469,218
Total for program			<u>445,459</u>	<u>469,218</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	05-002 06-0630	24,026 -	- 13,438
Total for program			<u>24,026</u>	<u>13,438</u>
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365	FY 2005-06 FY 2006-07	124 -	- 180
Total for program			<u>124</u>	<u>180</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	05-288 06-0630	81,849 -	- 66,085
Total for program			<u>81,849</u>	<u>66,085</u>
Total for federal grantor agency			<u>670,783</u>	<u>670,465</u>
Total federal awards expended			<u>\$ 861,907</u>	<u>\$ 905,594</u>

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

ZIONSVILLE COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Zionsville Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
National School Lunch Program	10.555	\$ 48,903	\$ 77,016

ZIONSVILLE COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weaknesses identified? no  
Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
Material weaknesses identified? no  
Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster  
National School Lunch Program  
Special Education – Grants to States

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ZIONSVILLE COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ZIONSVILLE COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2008, with Scott Robison, Superintendent of Schools; and Michael Shafer, Treasurer. The official response has been made a part of this report and may be found on pages 44 through 49.

---

# Zionsville Community Schools

---

900 Mulberry Street • Zionsville, Indiana 46077 • Phone: 317-873-2858 Fax: 317-873-8003 • [www.zcs.k12.in.us](http://www.zcs.k12.in.us)

---

## **Central Administration**

SCOTT ROBISON, Ph.D., *Superintendent*  
TERAN ARMSTRONG, Ph.D., *Assistant Superintendent*  
MICHAEL SHAFER, C.P.A., *Chief Financial Officer*  
ROBERT BOSTWICK, M.S., *Exec. Dir., HR & Operations*



## **Board of School Trustees**

JAMES KRUPOWICZ, M.B.A., *President*  
JON CRAVENS, B.S., *Vice President*  
MARK ENGLERT, J.D., *Secretary*  
JIM LONGEST, PE, PLS, *Member*  
ROBERT WINGERTER, C.P.A., J.D., *Member*

---

February 29, 2008

Mr. Bruce Hartman, C.P.A., State Examiner  
Indiana State Board of Accounts  
Room E-418, 302 West Washington St.  
Indianapolis, IN 46204

Dear Mr. Hartman:

Field Examiners from your staff have recently completed an audit of the Zionsville Community Schools. This was a routine biennial audit as provided for under IC 5-11-1-25. Three proposed Audit Results and Comments were presented to us at the Exit Conference. Please accept this letter as our official response to the proposed Audit Results and Comments. Each of our responses to the Audit Results and Comments as shown below, are captioned in the same manner as each of the proposed Audit Results and Comments to which they refer:

### **OVERDRAWN CASH BALANCES**

The Audit Result and Comment refers to the cash balances in our Textbook Rental Fund, which was a negative \$12,555 on June 30, 2006, and our Reading Recovery Grant Fund, which was a negative \$2,000 on June 30, 2007.

In the case of the Textbook Rental Fund in June 2006, the situation noted was a temporary matter caused only by the timing difference in the required ordering date for books and materials for the coming school year versus the timing of the receipt of payments from students for textbook rentals at the beginning of the school year in August of that year. Textbooks must be ordered in a timely manner and must be paid for when received. This must occur well in advance of the beginning of the school year to ensure that these books are available for children by the beginning of the fall semester.

Since the children cannot be charged rental fees for these books until school begins, a timing gap in the cash flow cycle of the Textbook Rental Fund is inevitable, and in some years does result in minor negative cash balances during the months of June and July. However, we do

not believe that the State Board of Accounts actually wishes to force us to make a choice between not paying our bills for these textbooks when due, or not ordering books in time for children to begin using them at the start of the school year.

The negative cash balance of \$2,000 in the Reading Recovery Grant Fund at June 30, 2007 was the result of a minor bookkeeping error in which a \$2,000 expenditure was inadvertently charged to the wrong fund. This error was detected by our staff and subsequently corrected before the end of the 2007 calendar year and before it was brought to our attention by the Field Examiners during the audit.

Given the circumstances of these items, we do not agree that the audit finding is proper and justified. We also note that although the Board of Accounts has long held as an audit position that the cash balance of a fund cannot be reduced below zero, they can give no statutory citation to support this position, and have no criteria to support this audit position other than their own manual which under IC 5-11-1-24 is merely a set of guidelines.

### TEXTBOOK RENTAL AND FEES

The Audit Result and Comment refers to two different issues related to our imposition of textbook rental charges and fees. First, we do not believe that the section of the Audit Result and Comment related to the rental fees charged for textbooks is materially accurate. The audit comment states that our rental charge for a number of textbooks exceeds the statutory maximum. However, we believe that the auditors misidentified several of the textbooks on the list and did not make a proper comparison between the books for which we are charging rental fees.

As far as we can determine, during their fieldwork, the auditors did not physically examine the textbooks in question or verify the ISBN numbers of these textbooks. Apparently they relied on information on the Indiana Department of Education's website to determine which textbooks our school corporation is using, and what the state price and therefore the rental charge should be. However, several of our courses do use alternate texts, particularly in the high school AP courses. We also believe that a number of small price differences between our rental charges and the amounts calculated by the auditors reflect shipping costs for the texts that are allowable, even though the auditors do not appear to have taken these costs into account in their calculations. Although we must concede there is always the possibility of isolated computation errors that might occur in our textbook rental process, we believe that this portion of the Audit Result and Comment is substantially incorrect.

The second portion of the Audit Result and Comment relates to fees charged for consumable materials. We disagree that our fees are or were improper. After the Indiana State Supreme Court's ruling in the "Nagy" case, our attorneys reviewed all of our existing fees for consumables and all other fees. As a result of this review, several fees were discontinued to be certain that we were in compliance, but this was done simply as a precautionary measure. We believe that all current fees are in compliance with applicable statutory and case law.

However, we will implement an additional level of review of all consumable fees to be charged beginning with the start of the 2008-2009 school year to ensure that all fees are properly computed and are charged only for allowable items directly used by the individual students.

HEALTH CLINIC TREATMENT FEE

We do not agree with the audit position of the State Board of Accounts in regard to this matter. A response to this item has been provided for us by our Attorney, Mr. Jon Laramore of Baker and Daniels, to accompany this response letter, and is incorporated herein by reference.

Sincerely yours,

*Michael A. Shafer*

Michael A. Shafer, C.P.A.  
Chief Financial Officer  
Zionsville Community Schools

# BAKER & DANIELS LLP

EST. 1863

300 North Meridian Street, Suite 2700 • Indianapolis, Indiana 46204

Tel. 317.237.0300 • Fax 317.237.1000

www.bakerdaniels.com

JON LARAMORE  
Attorney at Law  
Direct 317.237.8248  
jon.laramore@bakerd.com

INDIANA  
WASHINGTON, D.C.  
CHINA

February 14, 2008

Bruce A. Hartman, CPA  
State Examiner  
Indiana State Board of Accounts  
302 W. Washington St., Room E-418  
Indianapolis, IN 46204

RE: *Zionsville Community Schools  
Audit Result and Comments*

Dear State Examiner Hartman:

Baker & Daniels represents Zionsville Community Schools ("ZCS"). ZCS has provided us with a copy of the Audit Results and Comments dated February 5, 2008. One portion of the results and comments addresses ZCS's Health Clinic Treatment Fee. This letter responds only to the portion of the audit results and comments addressing the Health Clinic Treatment Fee. Mr. Michael Shafer, Chief Financial Officer of ZCS, will separately respond to the remainder of the audit.

The school corporation's Health Clinic Treatment Fee does not violate the Indiana Constitution. The audit previously has referred to a 2001 Opinion of the Attorney General in this regard, but the current law on this subject is contained in a more recent Indiana Supreme Court opinion, *Nagy v. Evansville-Vanderburgh Sch. Corp.*, 844 N.E.2d 481 (Ind. 2006). Under the standard set by *Nagy*, the school corporation's fee is permitted by the Constitution.

*Nagy* states that school corporations may charge fees in some circumstances. Specifically, school corporations may charge fees for "programs, activities, projects, services or curricula that are outside of or expand upon those identified by the legislature" as part of a "uniform system of public education." While the legislature, through authority delegated to the State Board of Education, has prescribed certain health services as part of a "uniform system of

public education," it has mandated only one school nurse per school corporation.  
511 IAC 4-1.5-6(b).

Because the school corporation's fee pays for services (in this case, additional nurses), that go beyond the minimum required by state rule, the portion that goes beyond the minimum may be supported by fee revenue. In this case, the fee revenue generates approximately half of the revenue used to support the program; the remainder comes from the general fund. Fee revenue is used to pay only for portions of the program that go beyond the state minimum.

Also, under *Nagy*, fees may be charged only to "those students who participate in or take advantage of" the programs. In this case, all students "take advantage of" the health services because they are available to all students at all times. Moreover, information gathered by the school corporation indicates that in the most recent school year, approximately 88% of students used the health services at least once, and many students used the services multiple times.

Thank you for your attention to this matter.

Sincerely yours,



Jon Laramore

JL/cdl

cc: Michael Shafer, ZCS