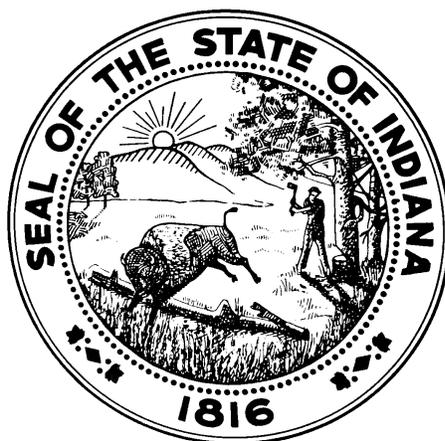


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

03/27/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana L. Crowder	07-01-06 to 06-30-09
Superintendent of Schools	Paul Roads	07-01-06 to 08-06-07
	Vacant	08-07-07 to 08-16-07
	Michael F. Turner (Interim)	08-17-07 to 06-30-08
	Michael F. Turner	07-01-08 to 06-30-09
President of the School Board	Lary Langley	07-01-06 to 06-30-08
	Larry Bemis	07-01-08 to 06-30-09



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 NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Vermillion Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 February 26, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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.

The Schedules of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

February 26, 2009



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: 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 NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Vermillion Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 26, 2009. 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.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

February 26, 2009

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,503,679	\$ -	\$ 73,351	\$ (3,430,328)
Support services	3,070,106	215,971	177,630	(2,676,505)
Community services	144,623	-	-	(144,623)
Nonprogrammed charges	2,698,277	-	-	(2,698,277)
Debt service	1,299,000	-	-	(1,299,000)
Total government	<u>\$ 10,715,685</u>	<u>\$ 215,971</u>	<u>\$ 250,981</u>	<u>(10,248,733)</u>
General receipts:				
Property taxes				2,524,430
Other local sources				391,135
State aid				2,800,796
Bonds and loans				2,115,000
Grants and contributions not restricted to specific programs				465,042
Sale of property, adjustments, and refunds				1,971,072
Investment earnings				51,631
Total general receipts, interfund loans, transfers, and special items				<u>10,319,106</u>
Change in net assets				70,373
Net assets - beginning				<u>2,640,690</u>
Net assets - ending				<u>\$ 2,711,063</u>
<u>Assets</u>				
Cash and investments				\$ 2,492,522
Restricted assets:				
Cash and investments				<u>218,541</u>
Total assets				<u>\$ 2,711,063</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 2,711,063</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,382,415	\$ -	\$ 115,052	\$ (3,267,363)
Support services	3,562,167	198,992	182,383	(3,180,792)
Community services	145,219	-	-	(145,219)
Nonprogrammed charges	667,603	-	-	(667,603)
Debt service	3,378,532	-	-	(3,378,532)
Total government	<u>\$ 11,135,936</u>	<u>\$ 198,992</u>	<u>\$ 297,435</u>	<u>(10,639,509)</u>
General receipts:				
Property taxes				4,232,948
Other local sources				499,724
State aid				2,540,737
Grants and contributions not restricted to specific programs				456,497
Sale of property, adjustments, and refunds				1,736,048
Investment earnings				34,470
Total general receipts, interfund loans, transfers, and special items				<u>9,500,424</u>
Change in net assets				(1,139,085)
Net assets - beginning				<u>2,711,063</u>
Net assets - ending				<u>\$ 1,571,978</u>
Assets				
Cash and investments				\$ 1,592,439
Restricted assets:				
Cash and investments				<u>(20,461)</u>
Total assets				<u>\$ 1,571,978</u>
Net Assets				
Restricted for:				
Debt service				\$ (20,461)
Unrestricted				<u>1,592,439</u>
Total net assets				<u>\$ 1,571,978</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,638,326	\$ 412,556	\$ -	\$ 453,160	\$ 400,705	\$ 43,399	\$ 233,572	\$ 3,181,718
Intermediate sources	886	-	-	-	-	-	563	1,449
State sources	2,862,534	-	-	-	-	-	238,877	3,101,411
Federal sources	44,201	989	-	-	-	-	370,218	415,408
Bonds and loans	889,000	-	-	618,000	608,000	-	-	2,115,000
Sale of property, adjustments and refunds	1,006,193	453,817	-	400,000	41,831	60,000	9,231	1,971,072
Total receipts	6,441,140	867,362	-	1,471,160	1,050,536	103,399	852,461	10,786,058
Disbursements:								
Current:								
Instruction	3,196,594	-	-	-	-	-	307,085	3,503,679
Support services	1,324,704	449,451	-	-	799,400	-	496,551	3,070,106
Community services	143,395	-	-	-	-	-	1,228	144,623
Nonprogrammed charges	1,609,150	600,000	300,000	-	-	120,000	69,127	2,698,277
Debt services	-	-	-	1,299,000	-	-	-	1,299,000
Total disbursements	6,273,843	1,049,451	300,000	1,299,000	799,400	120,000	873,991	10,715,685
Excess (deficiency) of receipts over disbursements	167,297	(182,089)	(300,000)	172,160	251,136	(16,601)	(21,530)	70,373
Other financing sources (uses):								
Transfers in	158,958	-	319,631	-	-	-	25,304	503,893
Transfers out	(181,385)	(44,827)	(57,528)	(150,246)	(44,413)	(4,654)	(20,840)	(503,893)
Total other financing sources (uses)	(22,427)	(44,827)	262,103	(150,246)	(44,413)	(4,654)	4,464	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	144,870	(226,916)	(37,897)	21,914	206,723	(21,255)	(17,066)	70,373
Cash and investments - beginning	1,168,086	381,423	57,528	196,627	472,092	24,851	340,083	2,640,690
Cash and investments - ending	<u>\$ 1,312,956</u>	<u>\$ 154,507</u>	<u>\$ 19,631</u>	<u>\$ 218,541</u>	<u>\$ 678,815</u>	<u>\$ 3,596</u>	<u>\$ 323,017</u>	<u>\$ 2,711,063</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,312,956	\$ 154,507	\$ 19,631	\$ -	\$ 678,815	\$ 3,596	\$ 323,017	\$ 2,492,522
Restricted assets:								
Cash and investments	-	-	-	218,541	-	-	-	218,541
Total cash and investment assets - ending	<u>\$ 1,312,956</u>	<u>\$ 154,507</u>	<u>\$ 19,631</u>	<u>\$ 218,541</u>	<u>\$ 678,815</u>	<u>\$ 3,596</u>	<u>\$ 323,017</u>	<u>\$ 2,711,063</u>
Cash and Investment Fund Balance - Ending								
Unrestricted	1,312,956	154,507	19,631	218,541	678,815	3,596	323,017	2,711,063
Total cash and investment fund balance - ending	<u>\$ 1,312,956</u>	<u>\$ 154,507</u>	<u>\$ 19,631</u>	<u>\$ 218,541</u>	<u>\$ 678,815</u>	<u>\$ 3,596</u>	<u>\$ 323,017</u>	<u>\$ 2,711,063</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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, 2008

	General	Transportation Operating	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,950,341	\$ 492,455	\$ 6,926	\$ 1,506,378	\$ 738,934	\$ 1,857	\$ 268,868	\$ 4,965,759
Intermediate sources	-	-	-	-	-	-	375	375
State sources	2,668,012	-	-	-	-	-	279,282	2,947,294
Federal sources	32,251	1,535	-	-	-	-	313,589	347,375
Bonds and loans	-	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	270,733	404,481	300,000	250,000	350,200	110,000	50,634	1,736,048
Total receipts	4,921,337	898,471	306,926	1,756,378	1,089,134	111,857	912,748	9,996,851
Disbursements:								
Current:								
Instruction	3,106,108	-	-	-	-	-	276,307	3,382,415
Support services	1,486,809	468,528	-	-	1,152,199	-	454,631	3,562,167
Community services	144,077	-	-	-	-	-	1,142	145,219
Nonprogrammed charges	252,495	250,000	-	100,000	-	50,000	15,108	667,603
Debt services	889,000	-	-	1,805,251	684,281	-	-	3,378,532
Total disbursements	5,878,489	718,528	-	1,905,251	1,836,480	50,000	747,188	11,135,936
Excess (deficiency) of receipts over disbursements	(957,152)	179,943	306,926	(148,873)	(747,346)	61,857	165,560	(1,139,085)
Other financing sources (uses):								
Transfers in	262,942	-	-	8,200	162,000	-	107,374	540,516
Transfers out	(170,200)	-	-	(98,329)	(162,000)	-	(109,987)	(540,516)
Total other financing sources (uses)	92,742	-	-	(90,129)	-	-	(2,613)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(864,410)	179,943	306,926	(239,002)	(747,346)	61,857	162,947	(1,139,085)
Cash and investments - beginning	1,312,956	154,507	19,631	218,541	678,815	3,596	323,017	2,711,063
Cash and investments - ending	\$ 448,546	\$ 334,450	\$ 326,557	\$ (20,461)	\$ (68,531)	\$ 65,453	\$ 485,964	\$ 1,571,978
Cash and Investment Assets - Ending								
Cash and investments	\$ 448,546	\$ 334,450	\$ 326,557	\$ -	\$ (68,531)	\$ 65,453	\$ 485,964	\$ 1,592,439
Restricted assets:								
Cash and investments	-	-	-	(20,461)	-	-	-	(20,461)
Total cash and investment assets - ending	\$ 448,546	\$ 334,450	\$ 326,557	\$ (20,461)	\$ (68,531)	\$ 65,453	\$ 485,964	\$ 1,571,978
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ (20,461)	\$ -	\$ -	\$ -	\$ (20,461)
Unrestricted	448,546	334,450	326,557	-	(68,531)	65,453	485,964	1,592,439
Total cash and investment fund balance - ending	\$ 448,546	\$ 334,450	\$ 326,557	\$ (20,461)	\$ (68,531)	\$ 65,453	\$ 485,964	\$ 1,571,978

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ <u>321</u>	
Total investment earnings	321	
Less investment disbursements	<u>(500)</u>	
Net investment earnings	<u>(179)</u>	
Total additions	<u>(179)</u>	
Deficiency of total additions over total deductions	(179)	
Cash and investment fund balance - beginning	<u>8,694</u>	
Cash and investment fund balance - ending	<u>\$ 8,515</u>	<u>\$ 58,144</u>
Net assets:		
Cash and investments	<u>\$ 8,515</u>	

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ <u>325</u>	
Total investment earnings	325	
Less investment disbursements	<u>(500)</u>	
Net investment earnings	<u>(175)</u>	
Total additions	<u>(175)</u>	
Excess (deficiency) of total additions over total deductions	(175)	
Cash and investment fund balance - beginning	<u>8,515</u>	
Cash and investment fund balance - ending	<u>\$ 8,340</u>	<u>\$ 85,307</u>
Net assets:		
Cash and investments	<u>\$ 8,340</u>	

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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 Attica Consolidated School Corporation, Covington Community School Corporation, North Montgomery Community School Corporation, Southeast Fountain School Corporation, Turkey Run Community School Corporation, South Montgomery Community School Corporation, and Metropolitan School District of Warren County in a joint venture to operate the West Central Indiana Special Education Co-op which was created to provide instruction for handicapped children. The School Corporation is obligated for its share of the debts of the joint venture. Complete financial statements for the West Central Indiana Special Education Co-op can be obtained from the West Central Indiana Special Education Co-op, 1800 Ladoga Drive, Crawfordsville, IN 47933.

The School Corporation is a participant with Turkey Run Community School Corporation, Rockville School Corporation, Southwest Parke School Corporation, South Vermillion School Corporation, Indiana State University, and Ivy Tech State College, in a joint venture to operate the Parke-Vermillion Education and Training Interlocal which was created to provide vocational instruction for handicapped and regular education students. The School Corporation is obligated for its share of the debts of the joint venture. Complete financial statements for the Parke-Vermillion Education and Training Interlocal can be obtained from the South Vermillion School Corporation office, 800 West Wildcat Drive, Clinton, IN 47842.

The School Corporation is a participant with Metropolitan School District of Warren County, Cloverdale Community, Hamilton Heights, Logansport Community, Marion Adams, North Putnam, Benton Community, Northwestern, Rockville Community, Turkey Run Community, South Vermillion, Southwest Parke Community, Tipton Community, Western Boone School Corporations, Wabash Valley Education Center, and West Central Indiana Educational Service Center in the Wabash Valley/West Central Indiana Insurance Trust, a joint venture to provide a common and unified program of group health insurance. The Trustees of the plan shall determine the rate of contributions to be required from each participant covered by the plan. The School Corporation is obligated for the debts of the joint venture. Complete financial statements for the Wabash Valley/West Central Indiana Insurance Trust can be obtained from the Logansport Community School Corporation office, 2829 George Street, Logansport, IN 46947.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with South Vermillion Community School Corporation in a joint venture to operate the Vermillion County Opportunity School which was created to provide at-risk students in grades six through twelve an alternative for success through educational programs, services and activities. The Opportunity School's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Vermillion County Opportunity School can be obtained from South Vermillion Community School Corporation, P.O. Box 387, Clinton, Indiana, 47842.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

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.

The levy excess fund is used to account for property taxes received that are in excess of the school corporation's property tax levy certified by the Department of Local Government Finance each year.

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.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the student body.

The agency fund accounts for assets held by the School Corporation as an agent for various payroll deductions.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

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.

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 (Indiana Code 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.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. 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.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary 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.

5. 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. Proprietary fund equity is classified the same as in the government-wide statements.

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.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
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:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Balance Deficit

At June 30, 2008, the following funds reported a deficit in cash, which is a violation of the Uniform Compliance Guidelines and state statute:

Fund	2008
Debt Service	\$ 20,461
Capital Projects	68,531

The cash deficits arose primarily from disbursements exceeding receipts due to the late payment of property taxes; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. 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. 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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2007	2008
General Fund	Debt Service	\$ -	\$ 8,200
	Capital Projects	-	162,000
	Ley Excess	176,485	-
	Other governmental funds	4,900	-
Debt Service	General Fund	101,430	98,329
	Ley Excess	48,816	-
Capital Projects	General Fund	-	162,000
	Ley Excess	44,413	-
Transportation	Ley Excess	44,827	-
School Bus Replacement	Ley Excess	4,654	-
Ley Excess	General Fund	57,528	-
Other governmental funds	General Fund	-	2,613
	Ley Excess	436	-
	Other governmental funds	20,404	107,374
Totals		<u>\$ 503,893</u>	<u>\$ 540,516</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.

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of group insurance plans for the benefit of member employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with North Vermillion Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments for each fiscal year totaled \$749,000.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 31,519
Interest on net pension obligation	(5,718)
Adjustment to annual required contribution	6,516
Annual pension cost	32,317
Contributions made	24,923
Increase in net pension obligation	7,394
Net pension obligation, beginning of year	(78,873)
Net pension obligation, end of year	\$ (71,479)

	PERF
Contribution rates:	
School Corporation	3.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 17,493	152%	\$ (69,728)
	06-30-06	15,463	159%	(78,873)
	06-30-07	32,317	77%	(71,479)

2. 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 (Indiana Code 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

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, 2006, 2007, and 2008, were \$80,246, \$86,403, and \$85,887, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 889,104	\$ 715,551	\$ 173,553	124%	\$ 576,728	30%
07-01-06	777,375	736,423	40,952	106%	553,533	7%
07-01-07	884,093	851,769	32,324	104%	603,643	5%

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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

	Pre-school Special Ed	Rainy Day	School Lunch	Textbook Rental	Educational License Plate	SAFE School Haven
Receipts:						
Local sources	\$ 3,932	\$ -	\$ 181,313	\$ 47,070	\$ -	\$ -
Intermediate sources	-	-	-	-	563	-
State sources	28,351	-	166,693	10,937	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	3,300	111	400	-	-
Total receipts	32,283	3,300	348,117	58,407	563	-
Disbursements:						
Current:						
Instruction	33,683	-	-	-	-	-
Support services	-	-	348,153	67,358	-	1,986
Community services	-	-	-	-	-	-
Nonprogrammed charges	14,518	50,000	-	-	-	-
Total disbursements	48,201	50,000	348,153	67,358	-	1,986
Excess (deficiency) of receipts over disbursements	(15,918)	(46,700)	(36)	(8,951)	563	(1,986)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(436)	-	-	-	-	-
Total other financing sources (uses)	(436)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,354)	(46,700)	(36)	(8,951)	563	(1,986)
Cash and investments - beginning	24,383	49,037	152,765	10,456	413	3,098
Cash and investments - ending	\$ 8,029	\$ 2,337	\$ 152,729	\$ 1,505	\$ 976	\$ 1,112
Cash and Investment Assets - Ending						
Cash and investments - ending	\$ 8,029	\$ 2,337	\$ 152,729	\$ 1,505	\$ 976	\$ 1,112
Cash and Investment Fund Balance - Ending						
Unrestricted - ending	\$ 8,029	\$ 2,337	\$ 152,729	\$ 1,505	\$ 976	\$ 1,112

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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	Donations Bullying Program	Instructional Support	Gifted and Talented	Scholarships and Awards	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 757
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	11,613	-	21,153
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	5,000	-	325	-	-	-
Total receipts	<u>5,000</u>	<u>-</u>	<u>325</u>	<u>11,613</u>	<u>500</u>	<u>21,910</u>
Disbursements:						
Current:						
Instruction	-	-	325	11,613	-	-
Support services	-	-	-	-	-	23,944
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	4,109	-	-	500	-
Total disbursements	<u>-</u>	<u>4,109</u>	<u>325</u>	<u>11,613</u>	<u>500</u>	<u>23,944</u>
Excess (deficiency) of receipts over disbursements	<u>5,000</u>	<u>(4,109)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,034)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>5,000</u>	<u>(4,109)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,034)</u>
Cash and investments - beginning	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,989</u>
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,955</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,955</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted - ending	<u>\$ 10,000</u>	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,955</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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)

	Local Wellness	Title I 2005-06	Title I 2006-07	Title V FY 06-07	Title V FY 03-04	Title V FY 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	130	-	-	-	-	-
Federal sources	-	-	117,494	1,374	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	130	-	117,494	1,374	-	-
Disbursements:						
Current:						
Instruction	-	15,872	80,065	-	-	-
Support services	-	1,102	2,729	786	2,587	740
Community services	-	94	902	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	17,068	83,696	786	2,587	740
Excess (deficiency) of receipts over disbursements	130	(17,068)	33,798	588	(2,587)	(740)
Other financing sources (uses):						
Transfers in	-	-	2,000	1,600	-	6,000
Transfers out	-	(2,000)	-	-	-	-
Total other financing sources (uses)	-	(2,000)	2,000	1,600	-	6,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	130	(19,068)	35,798	2,188	(2,587)	5,260
Cash and investments - beginning	-	19,068	-	-	2,587	2,827
Cash and investments - ending	\$ 130	\$ -	\$ 35,798	\$ 2,188	\$ -	\$ 8,087
<u>Cash and Investment Assets - Ending</u>						
Cash and investments - ending	\$ 130	\$ -	\$ 35,798	\$ 2,188	\$ -	\$ 8,087
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted - ending	\$ 130	\$ -	\$ 35,798	\$ 2,188	\$ -	\$ 8,087

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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 VI 2001-02	PL 94-142 Handicapped 2006-07	Ed for Preschool Handicap	Drug Free Schools 05-06	Drug Free Schools 06-07	Vocational and Technical Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	176,984	12,004	-	3,213	-
Sale of property, adjustments and refunds	-	-	-	95	-	-
Total receipts	-	176,984	12,004	95	3,213	-
Disbursements:						
Current:						
Instruction	-	142,550	10,617	1,181	2,551	8,605
Support services	17	-	-	295	113	-
Community services	-	-	-	232	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	17	142,550	10,617	1,708	2,664	8,605
Excess (deficiency) of receipts over disbursements	(17)	34,434	1,387	(1,613)	549	(8,605)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4,900
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	4,900
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17)	34,434	1,387	(1,613)	549	(3,705)
Cash and investments - beginning	17	26,315	2,916	1,613	-	3,705
Cash and investments - ending	\$ -	\$ 60,749	\$ 4,303	\$ -	\$ 549	\$ -
Cash and Investment Assets - Ending						
Cash and investments - ending	\$ -	\$ 60,749	\$ 4,303	\$ -	\$ 549	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted - ending	\$ -	\$ 60,749	\$ 4,303	\$ -	\$ 549	\$ -

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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)

	School to Work Implementation	Title II Part A Improving Teacher Quality	Title II Part D 2005-06	Title II Part D 2004-05	Title V Part A Title V Innovative Projects	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,572
Intermediate sources	-	-	-	-	-	563
State sources	-	-	-	-	-	238,877
Federal sources	-	59,149	-	-	-	370,218
Sale of property, adjustments and refunds	-	-	-	-	-	9,231
Total receipts	-	59,149	-	-	-	852,461
Disbursements:						
Current:						
Instruction	23	-	-	-	-	307,085
Support services	-	44,450	-	1,580	711	496,551
Community services	-	-	-	-	-	1,228
Nonprogrammed charges	-	-	-	-	-	69,127
Total disbursements	23	44,450	-	1,580	711	873,991
Excess (deficiency) of receipts over disbursements	(23)	14,699	-	(1,580)	(711)	(21,530)
Other financing sources (uses):						
Transfers in	-	-	5,402	5,402	-	25,304
Transfers out	-	(18,404)	-	-	-	(20,840)
Total other financing sources (uses)	-	(18,404)	5,402	5,402	-	4,464
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23)	(3,705)	5,402	3,822	(711)	(17,066)
Cash and investments - beginning	23	13,153	2,598	3,409	711	340,083
Cash and investments - ending	\$ -	\$ 9,448	\$ 8,000	\$ 7,231	\$ -	\$ 323,017
Cash and Investment Assets - Ending						
Cash and investments - ending	\$ -	\$ 9,448	\$ 8,000	\$ 7,231	\$ -	\$ 323,017
Cash and Investment Fund Balance - Ending						
Unrestricted - ending	\$ -	\$ 9,448	\$ 8,000	\$ 7,231	\$ -	\$ 323,017

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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, 2008

	Pre-school Special Ed	Rainy Day	School Lunch	Textbook Rental	Educational License Plate	Alternative Education
Receipts:						
Local sources	\$ 22,358	\$ 1,154	\$ 181,097	\$ 57,060	\$ -	\$ -
Intermediate sources	-	-	-	-	375	-
State sources	5,698	-	173,246	20,875	-	7,846
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	50,000	135	-	-	-
Total receipts	28,056	51,154	354,478	77,935	375	7,846
Disbursements:						
Current:						
Instruction	2,716	-	-	-	-	-
Support services	-	-	346,305	54,645	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	280	-	-	-	-	-
Total disbursements	2,996	-	346,305	54,645	-	-
Excess (deficiency) of receipts over disbursements	25,060	51,154	8,173	23,290	375	7,846
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,060	51,154	8,173	23,290	375	7,846
Cash and investments - beginning	8,029	2,337	152,729	1,505	975	-
Cash and investments - ending	\$ 33,089	\$ 53,491	\$ 160,902	\$ 24,795	\$ 1,350	\$ 7,846
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 33,089	\$ 53,491	\$ 160,902	\$ 24,795	\$ 1,351	\$ 7,846
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 33,089	\$ 53,491	\$ 160,902	\$ 24,795	\$ 1,351	\$ 7,846
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	33,089	53,491	160,902	24,795	1,351	7,846
Total cash and investment fund balance - ending	\$ 33,089	\$ 53,491	\$ 160,902	\$ 24,795	\$ 1,351	\$ 7,846

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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, 2008
 (Continued)

	SAFE School Haven	Donations	Donations Bullying Program	Scholarship and Awards	Gifted/Talented 2007-08	Drug Free Communities
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,909	-	-	-	28,603	3,146
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,603</u>	<u>3,146</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	8,646	1,709
Support services	1,396	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	10,204	-	-
Total disbursements	<u>1,396</u>	<u>-</u>	<u>-</u>	<u>10,204</u>	<u>8,646</u>	<u>1,709</u>
Excess (deficiency) of receipts over disbursements	<u>513</u>	<u>-</u>	<u>-</u>	<u>(10,204)</u>	<u>19,957</u>	<u>1,437</u>
Other financing sources (uses):						
Transfers in	-	-	-	10,892	130	-
Transfers out	-	(10,000)	(892)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(10,000)</u>	<u>(892)</u>	<u>10,892</u>	<u>130</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>513</u>	<u>(10,000)</u>	<u>(892)</u>	<u>688</u>	<u>20,087</u>	<u>1,437</u>
Cash and investments - beginning	<u>1,112</u>	<u>10,000</u>	<u>892</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 20,087</u>	<u>\$ 1,437</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,625	\$ -	\$ (1)	\$ 688	\$ 20,087	\$ 1,437
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 688</u>	<u>\$ 20,087</u>	<u>\$ 1,437</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	<u>1,625</u>	<u>-</u>	<u>(1)</u>	<u>688</u>	<u>20,087</u>	<u>1,437</u>
Total cash and investment fund balance - ending	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 688</u>	<u>\$ 20,087</u>	<u>\$ 1,437</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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, 2008
 (Continued)

	Scholarships and Awards	School Technology	Local Wellness	Title I 2005-06	Title I 2006-07	Title I 2007-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 330	\$ -	\$ 869
Intermediate sources	-	-	-	-	-	-
State sources	-	37,959	-	-	-	-
Federal sources	-	-	-	60,000	-	55,724
Sale of property, adjustments and refunds	500	-	-	-	-	-
	<u>500</u>	<u>37,959</u>	<u>-</u>	<u>60,330</u>	<u>-</u>	<u>56,593</u>
Total receipts						
Disbursements:						
Current:						
Instruction	-	-	-	-	33,662	91,998
Support services	-	18,224	-	-	2,120	1,235
Community services	-	-	-	-	16	751
Nonprogrammed charges	500	-	-	-	-	-
	<u>500</u>	<u>18,224</u>	<u>-</u>	<u>-</u>	<u>35,798</u>	<u>93,984</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	-	19,735	-	60,330	(35,798)	(37,391)
Other financing sources (uses):						
Transfers in	-	-	-	16,696	-	66,534
Transfers out	-	-	(130)	(54,956)	-	(16,696)
	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>(38,260)</u>	<u>-</u>	<u>49,838</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	19,735	(130)	22,070	(35,798)	12,447
Cash and investments - beginning	-	8,955	130	-	35,798	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 28,690</u>	<u>\$ -</u>	<u>\$ 22,070</u>	<u>\$ -</u>	<u>\$ 12,447</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 28,690	\$ -	\$ 22,070	\$ -	\$ 12,447
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 28,690</u>	<u>\$ -</u>	<u>\$ 22,070</u>	<u>\$ -</u>	<u>\$ 12,447</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	28,690	-	22,070	-	12,447
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 28,690</u>	<u>\$ -</u>	<u>\$ 22,070</u>	<u>\$ -</u>	<u>\$ 12,447</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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, 2008
 (Continued)

	Title V FY 06-07	Title V FY 07-08	Title V FY 05-06	P. L. 94-142 Handicapped	P.L. 99-457 FY 08 Preschool Handicapped	PL 99-457 Preschool Handicap
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	1,274	-	160,181	10,736	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	1,274	-	160,181	10,736	6,000
Disbursements:						
Current:						
Instruction	-	-	-	119,458	9,536	162
Support services	2,188	-	2,407	-	-	-
Community services	-	375	-	-	-	-
Nonprogrammed charges	-	-	-	-	400	3,724
Total disbursements	2,188	375	2,407	119,458	9,936	3,886
Excess (deficiency) of receipts over disbursements	(2,188)	899	(2,407)	40,723	800	2,114
Other financing sources (uses):						
Transfers in	-	5,000	1,320	-	6,417	-
Transfers out	-	(5,899)	(7,000)	-	-	(6,417)
Total other financing sources (uses)	-	(899)	(5,680)	-	6,417	(6,417)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,188)	-	(8,087)	40,723	7,217	(4,303)
Cash and investments - beginning	2,188	-	8,087	60,749	-	4,303
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 101,472	\$ 7,217	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 101,472	\$ 7,217	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 101,472	\$ 7,217	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	101,472	7,217	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 101,472	\$ 7,217	\$ -

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 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, 2008
 (Continued)

	Drug Free Schools 05-06	Drug Free Schools 06-07	Title II Part A Improving Teacher Quality	Title II Part D FY 03-04	Title II Part D FY 04-05	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,868
Intermediate sources	-	-	-	-	-	375
State sources	-	-	-	-	-	279,282
Federal sources	-	-	25,674	-	-	313,589
Sale of property, adjustments and refunds	-	-	-	-	-	50,635
Total receipts	-	-	25,674	-	-	912,749
Disbursements:						
Current:						
Instruction	-	107	8,313	-	-	276,307
Support services	-	58	18,218	4,740	3,095	454,631
Community services	-	-	-	-	-	1,142
Nonprogrammed charges	-	-	-	-	-	15,108
Total disbursements	-	165	26,531	4,740	3,095	747,188
Excess (deficiency) of receipts over disbursements	-	(165)	(857)	(4,740)	(3,095)	165,561
Other financing sources (uses):						
Transfers in	384	-	-	-	-	107,373
Transfers out	-	(384)	(7,613)	-	-	(109,987)
Total other financing sources (uses)	384	(384)	(7,613)	-	-	(2,614)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	384	(549)	(8,470)	(4,740)	(3,095)	162,947
Cash and investments - beginning	-	549	9,448	8,000	7,231	323,017
Cash and investments - ending	\$ 384	\$ -	\$ 978	\$ 3,260	\$ 4,136	\$ 485,964
Cash and Investment Assets - Ending						
Cash and investments	\$ 384	\$ -	\$ 978	\$ 3,260	\$ 4,136	\$ 485,964
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 384	\$ -	\$ 978	\$ 3,260	\$ 4,136	\$ 485,964
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	384	-	978	3,260	4,136	485,964
Total cash and investment fund balance - ending	\$ 384	\$ -	\$ 978	\$ 3,260	\$ 4,136	\$ 485,964

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	<u>CDH Scholarship</u>
Additions:	
Investment earnings:	
Interest	\$ <u>321</u>
Total investment earnings	321
Less investment disbursements	<u>(500)</u>
Net investment earnings	<u>(179)</u>
Total additions	<u>(179)</u>
Deductions:	
Administrative and general	<u>-</u>
Deficiency of total additions over total deductions	(179)
Cash and investment fund balance - beginning	<u>8,694</u>
Cash and investments - June 30	<u>\$ <u>8,515</u></u>
Net assets:	
Cash and investments	<u>\$ <u>8,515</u></u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>CDH Scholarship</u>
Additions:	
Investment earnings:	
Interest	\$ <u>325</u>
Total investment earnings	325
Less investment disbursements	<u>(500)</u>
Net investment earnings	<u>(175)</u>
Total additions	<u>(175)</u>
Deductions:	
Administrative and general	<u>-</u>
Deficiency of total additions over total deductions	(175)
Cash and investment fund balance - beginning	<u>8,515</u>
Cash and investments - June 30	<u>\$ <u>8,340</u></u>
Net assets:	
Cash and investments	<u>\$ <u>8,340</u></u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
AGENCY FUNDS
For the Year Ended June 30, 2007

	<u>Payroll Withholding</u>
Net assets:	
Cash and investments	\$ <u>58,144</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>58,144</u></u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
AGENCY FUNDS
For the Year Ended June 30, 2008

	<u>Payroll Withholding</u>
Net assets:	
Cash and investments	\$ <u>85,307</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>85,307</u></u>

**THE NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
5551 NORTH FALCON DRIVE
CAYUGA, INDIANA 47928**

Office (765) 492-4033
Office (765) 492-3002
Fax (765) 492-7001

**NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

For the Year Ended June 30, 2008

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.

- Michael F. Turner
SUPERINTENDENT**
- Diana Crowder
TREASURER**
- Shelly Harrison
SECRETARY**
- Pamela Carli
TECHNOLOGY DIRECTOR**
-
- Board of School Trustees**
- Larry A. Bemis
PRESIDENT**
- Roger P. Lewis
VICE PRESIDENT**
- Brian K. Morgan
SECRETARY**
- John R. Garner**
- Sonya L. Holmes**
- Michael D. Smith**
- Larry D. Wickens**

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 52,500
Buildings	9,228,622
Improvements other than buildings	1,117,066
Machinery and equipment	<u>1,413,411</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,811,599</u>

**THE NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
5551 NORTH FALCON DRIVE
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**Michael F. Turner
SUPERINTENDENT**

**Diana Crowder
TREASURER**

**Shelly Harrison
SECRETARY**

**Pamela Carli
TECHNOLOGY DIRECTOR**

**NORTH VERMILLION COMMUNITY SCHOOL CORP.
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2008**

Board of School Trustees

**Larry A. Bemis
PRESIDENT**

**Roger P. Lewis
VICE PRESIDENT**

The Unittype has entered into the following debt:

**Brian K. Morgan
SECRETARY**

John R. Garner

Sonya L. Holmes

Michael D. Smith

Larry D. Wickens

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Elementary Building	\$ 4,494,000	\$ 749,000
Bonds payable:		
General obligation bonds:	463,050	88,476
Energy Savings	<u>2,372,832</u>	<u>395,472</u>
Total governmental activities debt	<u>\$ 7,329,882</u>	<u>\$ 1,232,948</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balances of the Debt Service Fund and the Capital Projects Fund were overdrawn at June 30, 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (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

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 NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

Compliance

We have audited the compliance of the North Vermillion Community School Corporation (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, 2007 and 2008. 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, 2007 and 2008.

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

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)

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.

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.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

February 26, 2009

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 06-07	\$ 42,923	\$ -
		FY 07-08	-	44,492
Total for program			<u>42,923</u>	<u>44,492</u>
National School Lunch Program	10.555			
		FY 06-07	142,194	-
		FY 07-08	-	139,178
Total for program			<u>142,194</u>	<u>139,178</u>
Total for federal grantor agency			<u>185,117</u>	<u>183,670</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Crawfordsville Community School Corporation				
Special Education Cluster				
Special Education - Grants to States	84.027			
P.L. 94-142 Handicapped		C62-05-01	26,315	-
P.L. 94-142 Handicapped		C62-06-01	116,235	60,749
P.L. 94-142 Handicapped		C62-07-01	-	58,709
Total for program			<u>142,550</u>	<u>119,458</u>
Special Education Pre-School Grants				
P.L. 99-457 Pre-School Handicapped	84.173			
		PS 06-62	2,916	-
		PS 07-62	7,701	3,886
		PS 08-62	-	9,936
Total for program			<u>10,617</u>	<u>13,822</u>
Total for cluster			<u>153,167</u>	<u>133,280</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies				
	84.010			
		05-06-8010	17,068	-
		06-07-8010	83,695	35,798
		07-08-8010	-	93,984
Total for program			<u>100,763</u>	<u>129,782</u>
Impact Aid	84.041			
Title VIII of ESEA		FY 07	44,201	-
Title VIII of ESEA		FY 08	-	32,251
Total for program			<u>44,201</u>	<u>32,251</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
P.L. 107-110 ESEA Title IV Part A		FY 05-06	1,708	-
		FY 06-07	2,664	165
Total for program			<u>4,372</u>	<u>165</u>
Innovative Education Program Strategies	84.298			
Title V, Part A		FY 03-04	2,587	-
Title V, Part A		FY 04-05	711	-
Title V, Part A		FY 05-06	740	2,407
Title V, Part A		FY 06-07	786	2,188
Title V, Part A		FY 07-08	-	375
Total for program			<u>4,824</u>	<u>4,970</u>
Education Technology State Grant	84.318			
Title II Part D		FY 03-04	-	4,740
		FY 04-05	1,580	3,095
Total for program			<u>1,580</u>	<u>7,835</u>
Improving Teacher Quality State grant	84.367			
Title II, Part A		04-197	13,153	-
Title II, Part A		05-267	31,297	-
Title II, Part A		06-8010	-	26,531
Total for program			<u>44,450</u>	<u>26,531</u>
Total for federal grantor agency			<u>353,357</u>	<u>334,814</u>
Total federal awards expended			<u>\$ 538,474</u>	<u>\$ 518,484</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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 North Vermillion Community School Corporation (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 (Indiana Code 5-11-1 et seq.), audits of Unittypes 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, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2007</u>	<u>2008</u>
Child Nutrition Cluster	10.555	<u>\$ 23,453</u>	<u>\$ 18,711</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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
Significant deficiencies 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
Significant deficiencies 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:

CFDA Number	Name of Federal Program or Cluster
84.027	Special Education Cluster

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.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2009, with Diana L. Crowder, Treasurer. The official concurred with our audit finding.