

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

AUDIT REPORT

OF

MOUNT VERNON COMMUNITY SCHOOL CORPORATION

HANCOCK COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

12/30/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beverly J. Baugh	07-01-08 to 06-30-11
Superintendent of Schools	Dr. William J. Riggs	07-01-08 to 06-30-11
President of the School Board	Robert E. Hiday Nancy J. Werner Kevin E. Burk	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 November 18, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards 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 School Corporation has not presented Management's Discussion and Analysis, the Schedule of Funding Progress, 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.

The School Corporation's response to the Audit Result and Comment identified in our audit is 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.

STATE BOARD OF ACCOUNTS

November 18, 2010



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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 MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated November 18, 2010. 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.

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)

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.

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 is 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, 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

November 18, 2010

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 16,078,722	\$ -	\$ 246,676	\$ (15,832,046)
Support services	8,976,944	1,406,452	393,025	(7,177,467)
Noninstructional services	1,859,103	-	-	(1,859,103)
Facilities acquisition and construction	1,123,946	-	-	(1,123,946)
Debt service	14,793,233	-	-	(14,793,233)
Nonprogrammed charges	<u>1,642,567</u>	<u>-</u>	<u>-</u>	<u>(1,642,567)</u>
Total governmental activities	<u>\$ 44,474,515</u>	<u>\$ 1,406,452</u>	<u>\$ 639,701</u>	<u>(42,428,362)</u>
General receipts:				
Property taxes				17,366,431
Other local sources				3,771,218
State aid				13,948,393
Bonds and loans				2,116,316
Grants and contributions not restricted to specific programs				2,159,133
Investment earnings				62,080
Other				<u>38,578</u>
Total general receipts				<u>39,462,149</u>
Change in net assets				(2,966,213)
Net assets - beginning				<u>(906)</u>
Net assets - ending				<u>\$ (2,967,119)</u>
<u>Assets</u>				
Cash and investments				\$ (1,670,893)
Restricted assets:				
Cash and investments				<u>(1,296,226)</u>
Total assets				<u>\$ (2,967,119)</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (1,397,462)
Other purposes				101,236
Unrestricted				<u>(1,670,893)</u>
Total net assets				<u>\$ (2,967,119)</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<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	\$ 16,959,119	\$ -	\$ 183,490	\$ (16,775,629)
Support services	9,033,495	1,450,011	485,557	(7,097,927)
Noninstructional services	1,753,814	-	-	(1,753,814)
Facilities acquisition and construction	1,209,568	-	-	(1,209,568)
Debt service	15,792,603	-	-	(15,792,603)
Nonprogrammed charges	<u>1,275,559</u>	<u>-</u>	<u>-</u>	<u>(1,275,559)</u>
Total governmental activities	<u>\$ 46,024,158</u>	<u>\$ 1,450,011</u>	<u>\$ 669,047</u>	<u>(43,905,100)</u>
General receipts:				
Property taxes				16,295,638
Other local sources				3,217,021
State aid				18,573,969
Bonds and loans				6,933,256
Grants and contributions not restricted to specific programs				1,682,959
Investment earnings				14,270
Other				<u>34,650</u>
Total general receipts				<u>46,751,763</u>
Change in net assets				2,846,663
Net assets - beginning				<u>(2,967,119)</u>
Net assets - ending				<u>\$ (120,456)</u>
<u>Assets</u>				
Cash and investments				\$ (3,852,502)
Restricted assets:				
Cash and investments				<u>3,732,046</u>
Total assets				<u>\$ (120,456)</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,443,428
Other purposes				288,618
Unrestricted				<u>(3,852,502)</u>
Total net assets				<u>\$ (120,456)</u>

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

MOUNT VERNON 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, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Totals</u>
Receipts:					
Local sources	\$ 8,214,193	\$ 7,437,242	\$ 3,261,727	\$ 3,691,129	\$ 22,604,291
Intermediate sources	150	-	-	787	937
State sources	14,105,078	-	-	370,508	14,475,586
Federal sources	731	-	-	2,270,911	2,271,642
Temporary loans	1,165,152	951,164	-	-	2,116,316
Other	-	-	-	420	420
 Total receipts	 <u>23,485,304</u>	 <u>8,388,406</u>	 <u>3,261,727</u>	 <u>6,333,755</u>	 <u>41,469,192</u>
Disbursements:					
Current:					
Instruction	13,500,861	-	-	2,577,861	16,078,722
Support services	4,893,007	-	1,334,804	2,749,133	8,976,944
Noninstructional services	275,876	-	-	1,583,227	1,859,103
Facilities acquisition and construction	434	-	996,175	127,337	1,123,946
Debt services	4,370,621	9,906,647	-	515,965	14,793,233
Nonprogrammed charges	805,983	-	-	542,648	1,348,631
 Total disbursements	 <u>23,846,782</u>	 <u>9,906,647</u>	 <u>2,330,979</u>	 <u>8,096,171</u>	 <u>44,180,579</u>
 Excess (deficiency) of receipts over disbursements	 <u>(361,478)</u>	 <u>(1,518,241)</u>	 <u>930,748</u>	 <u>(1,762,416)</u>	 <u>(2,711,387)</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,889,204	1,889,204
Transfers out	-	(104,704)	(1,784,500)	-	(1,889,204)
 Total other financing sources (uses)	 <u>-</u>	 <u>(104,704)</u>	 <u>(1,784,500)</u>	 <u>1,889,204</u>	 <u>-</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 <u>(361,478)</u>	 <u>(1,622,945)</u>	 <u>(853,752)</u>	 <u>126,788</u>	 <u>(2,711,387)</u>
 Cash and investments - beginning	 <u>(660,124)</u>	 <u>464,034</u>	 <u>371,534</u>	 <u>(532,412)</u>	 <u>(356,968)</u>
 Cash and investments - ending	 <u>\$ (1,021,602)</u>	 <u>\$ (1,158,911)</u>	 <u>\$ (482,218)</u>	 <u>\$ (405,624)</u>	 <u>(3,068,355)</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					<u>101,236</u>
 Net assets of governmental activities					 <u>\$ (2,967,119)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (1,021,602)	\$ -	\$ (482,218)	\$ (167,073)	\$ (1,670,893)
Restricted assets:					
Cash and investments	-	(1,158,911)	-	(238,551)	(1,397,462)
 Total cash and investment assets - ending	 <u>\$ (1,021,602)</u>	 <u>\$ (1,158,911)</u>	 <u>\$ (482,218)</u>	 <u>\$ (405,624)</u>	 <u>\$ (3,068,355)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ (1,158,911)	\$ -	\$ (238,551)	\$ (1,397,462)
Unrestricted	(1,021,602)	-	(482,218)	(167,073)	(1,670,893)
 Total cash and investment fund balance - ending	 <u>\$ (1,021,602)</u>	 <u>\$ (1,158,911)</u>	 <u>\$ (482,218)</u>	 <u>\$ (405,624)</u>	 <u>\$ (3,068,355)</u>

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

MOUNT VERNON 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, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Totals</u>
Receipts:					
Local sources	\$ 439,009	\$ 11,800,247	\$ 4,132,080	\$ 4,605,055	\$ 20,976,391
Intermediate sources	-	-	-	432	432
State sources	18,703,815	-	-	215,953	18,919,768
Federal sources	-	-	-	2,006,207	2,006,207
Temporary loans	-	4,133,256	2,800,000	-	6,933,256
Other	-	-	-	34,650	34,650
 Total receipts	 <u>19,142,824</u>	 <u>15,933,503</u>	 <u>6,932,080</u>	 <u>6,862,297</u>	 <u>48,870,704</u>
Disbursements:					
Current:					
Instruction	14,813,445	-	-	2,145,674	16,959,119
Support services	4,971,420	-	1,624,557	2,437,518	9,033,495
Noninstructional services	222,606	-	-	1,531,208	1,753,814
Facilities acquisition and construction	4,816	-	987,092	217,660	1,209,568
Debt services	1,165,152	11,318,949	2,800,000	508,502	15,792,603
Nonprogrammed charges	<u>1,050,756</u>	<u>-</u>	<u>-</u>	<u>412,067</u>	<u>1,462,823</u>
 Total disbursements	 <u>22,228,195</u>	 <u>11,318,949</u>	 <u>5,411,649</u>	 <u>7,252,629</u>	 <u>46,211,422</u>
Excess (deficiency) of receipts over disbursements	<u>(3,085,371)</u>	<u>4,614,554</u>	<u>1,520,431</u>	<u>(390,332)</u>	<u>2,659,282</u>
Other financing sources (uses):					
Transfers in	1,090	-	-	1,000,000	1,001,090
Transfers out	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,090)</u>	<u>(1,001,090)</u>
 Total other financing sources (uses)	 <u>1,090</u>	 <u>-</u>	 <u>(1,000,000)</u>	 <u>998,910</u>	 <u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,084,281)</u>	<u>4,614,554</u>	<u>520,431</u>	<u>608,578</u>	<u>2,659,282</u>
Cash and investments - beginning	<u>(1,021,603)</u>	<u>(1,158,911)</u>	<u>(482,218)</u>	<u>(405,624)</u>	<u>(3,068,356)</u>
Cash and investments - ending	<u>\$ (4,105,884)</u>	<u>\$ 3,455,643</u>	<u>\$ 38,213</u>	<u>\$ 202,954</u>	<u>(409,074)</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>288,618</u>
Net assets of governmental activities					<u>\$ (120,456)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (4,105,884)	\$ -	\$ 38,213	\$ 215,169	\$ (3,852,502)
Restricted assets:					
Cash and investments	<u>-</u>	<u>3,455,643</u>	<u>-</u>	<u>(12,215)</u>	<u>3,443,428</u>
Total cash and investment assets - ending	<u>\$ (4,105,884)</u>	<u>\$ 3,455,643</u>	<u>\$ 38,213</u>	<u>\$ 202,954</u>	<u>\$ (409,074)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ 3,455,643	\$ -	\$ (12,215)	\$ 3,443,428
Unrestricted	<u>(4,105,884)</u>	<u>-</u>	<u>38,213</u>	<u>215,169</u>	<u>(3,852,502)</u>
Total cash and investment fund balance - ending	<u>\$ (4,105,884)</u>	<u>\$ 3,455,643</u>	<u>\$ 38,213</u>	<u>\$ 202,954</u>	<u>\$ (409,074)</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 4,970,550
Miscellaneous	39,110
Total operating receipts	5,009,660
Operating disbursements:	
Insurance claims and expense	5,264,486
Total operating disbursements	5,264,486
Deficiency of operating receipts over operating disbursements and change in net assets	(254,826)
Cash and investment fund balance - beginning	356,062
Cash and investment fund balance - ending	\$ 101,236
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 101,236
Total cash and investment assets - ending	\$ 101,236
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 101,236
Total cash and investment fund balance - ending	\$ 101,236

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 4,661,068
Miscellaneous	<u>118</u>
Total operating receipts	<u>4,661,186</u>
Operating disbursements:	
Insurance claims and expense	<u>4,473,804</u>
Total operating disbursements	<u>4,473,804</u>
Excess of operating receipts over operating disbursements and change in net assets	187,382
Cash and investment fund balance - beginning	<u>101,236</u>
Cash and investment fund balance - ending	<u>\$ 288,618</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 288,618</u>
Total cash and investment assets - ending	<u>\$ 288,618</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 288,618</u>
Total cash and investment fund balance - ending	<u>\$ 288,618</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 68,668	
Total contributions	-	68,668	
Deductions:			
Benefits	418,791	-	
Administrative and general	-	83,423	
Total deductions	418,791	83,423	
Deficiency of total additions over total deductions	(418,791)	(14,755)	
Cash and investment fund balance - beginning	4,233,427	34,179	
Cash and investment fund balance - ending	\$ 3,814,636	\$ 19,424	\$ 145,936
Net assets:			
Cash and investments	\$ 3,814,636	\$ 19,424	\$ 145,936
Total net assets - cash and investment basis held in trust	\$ 3,814,636	\$ 19,424	\$ 145,936

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 87,747	
Total contributions	-	87,747	
Deductions:			
Benefits	350,357	-	
Administrative and general	-	84,749	
Total deductions	350,357	84,749	
Excess (deficiency) of total additions over total deductions	(350,357)	2,998	
Cash and investment fund balance - beginning	3,814,636	19,424	
Cash and investment fund balance - ending	\$ 3,464,279	\$ 22,422	\$ 181,124
Net assets:			
Cash and investments	\$ 3,464,279	\$ 22,422	\$ 181,124
Total net assets - cash and investment basis held in trust	\$ 3,464,279	\$ 22,422	\$ 181,124

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

MOUNT VERNON 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.

These financial statements present the School Corporation (primary government). There are no significant component units which require inclusion.

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 in a joint venture to operate East Central Educational Services Center which was created to increase the School Corporation's buying power when purchasing and servicing materials, supplies, and equipment. The East Central Educational Services Center's existence depends on continued funding by the School Corporation. Complete financial statements for the East Central Educational Services Center can be obtained from their offices at 1601 Indiana Avenue, Connersville, IN 47331.

The School Corporation is a participant in a joint venture to operate Hancock Madison Shelby Educational Services (Effective 07/01/10, previously did business as Hancock-South Madison Joint Services) which was created to provide educational services for handicapped children jointly with other school corporations. The Hancock Madison Shelby Educational Services' existence depends on continued funding by the School Corporation. Complete financial statements for the Hancock-South Madison Joint Services can be obtained from their offices at 110 W. North Street, Greenfield, IN 46140.

The School Corporation is a participant in a joint venture to operate East Central Indiana Gas Consortium which was created to purchase natural gas at a discounted price. The East Central Indiana Gas Consortium's existence depends on continued funding by the School Corporation. Complete financial statements for the East Central Indiana Gas Consortium can be obtained from East Central Educational Services Center, 1601 Indiana Avenue, Connersville, IN 47331.

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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 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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for a self-insurance plan established to pay for expenses for medical benefits to employees, retirees, and dependents.

The pension trust fund accounts for the activities of the retirement/severance bond fund and the postretirement/severance future benefit fund, which accumulate resources for pension benefit payments.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the professional development of staff and specific student educational needs.

The agency fund accounts for assets held by the School Corporation as an agent for employees, federal and state agencies, and other insurance companies and serve as a control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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).

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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Long-Term Debt

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

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."

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 and (2) operating grants and contributions. 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 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 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 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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. 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, if any, is 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 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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 high-way 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, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2009	2010
General	\$ 1,021,602	\$ 4,105,884
Debt Service	1,158,911	-
Capital Projects	482,218	-
Transportation Operating	488,726	-
Special Education Preschool	19,635	-
Food Service	129,196	41,644
Textbook Rental	292,583	309,926
Lead the Way Project/MVHS	-	18,107
Title I, FY09	128	-
Title I, FY10	-	4,816
Title II, Improving Teacher Quality	7,268	-
TAH American History Grant	85,354	-
Retirement/Severance Bond Debt Service	238,551	12,215
MVEF Director	1,128	-

Some fund cash balances were in the red at the end of the bi-annual periods during the audit period due to late tax distributions.

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. IC 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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$3,603,775.

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, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
Debt Service	Other Governmental Funds	\$ 104,704	\$ -
Capital Projects	Other Governmental Funds	1,784,500	1,000,000
Other Governmental Funds	General Fund	-	1,090
Totals		<u>\$ 1,889,204</u>	<u>\$ 1,001,090</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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 risks covered by commercial insurance 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

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 Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are transferred into the Self-Insurance Fund from applicable funds that pay salaries to employees eligible for health insurance. Amounts deducted from paychecks are also transferred in to the Self-Insurance Fund. Premiums and claim registers are paid by the Self-Insurance Fund to appropriate vendors.

Risk financing is not utilized for the other risks of loss.

B. Holding Corporations

The School Corporation has entered into a capital lease with Mount. Vernon Community School Corporation School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$945,300 and \$937,495, respectively.

The School Corporation has entered into a capital lease with Mount. Vernon of Hancock County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$3,801,000 and \$4,073,500, respectively.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation has entered into a capital lease with Mount Vernon School Building Corporation of Hancock County (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$2,150,000 and \$3,690,000, respectively.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Mt. Vernon Self-Insurance Plan is a single-employer defined benefit healthcare plan administered by Meritain, a third party administrator. The plan provides major medical health benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The Mt. Vernon Self-Insurance Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Meritain
2370 Sience Parkway
Okemos, MI 48864
800-748-0003

Funding Policy

The contribution requirements of plan members for the Mt. Vernon Self-Insurance Plan are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$166,806 to the plan for current premiums (approximately 60% of total premiums). Plan members receiving benefits contributed \$109,802, or approximately 40% of the total premiums, through their required annual contribution of up to \$3,103 for retiree-only coverage or \$11,556 for retiree and spouse coverage. For the year ended June 30, 2010, the School Corporation contributed \$179,494 to the plan for current premiums (approximately 54% of total premiums). Plan members receiving benefits contributed \$152,291, or approximately 46% of the total premiums, through their required annual contribution of up to \$3,716 for retiree-only coverage or \$13,910 for retiree and spouse coverage.

D. 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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes (IC 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$684,372.

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 (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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

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's contributions to the plan during the period were \$1,608,810.

E. Subsequent Event

On September 20, 2010, the School Board approved the issuance of tax anticipation warrants in an amount up to \$2,000,000. On October 6, 2010, the School Corporation issued \$2,000,000 in tax anticipation warrants.

MOUNT VERNON 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, 2009

	Transportation Operating	Special Education Preschool	Rainy Day	Food Service	Textbook Rental	Education License Plate	Gifted and Talented High Ability
Receipts:							
Local sources	\$ 1,200,194	\$ 21,520	\$ -	\$ 1,146,689	\$ 311,723	\$ -	\$ -
Intermediate sources	-	-	-	-	-	787	-
State sources	-	180,222	-	21,940	44,694	-	40,638
Federal sources	-	-	-	326,391	-	-	-
Other	-	-	-	420	-	-	-
Total receipts	<u>1,200,194</u>	<u>201,742</u>	<u>-</u>	<u>1,495,440</u>	<u>356,417</u>	<u>787</u>	<u>40,638</u>
Disbursements:							
Current:							
Instruction	-	34,413	1,200,000	-	-	1,400	21,182
Support services	1,242,639	-	-	1,068	585,007	-	-
Noninstructional services	-	-	-	1,554,191	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	904
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	179,764	362,000	-	-	-	-
Total disbursements	<u>1,242,639</u>	<u>214,177</u>	<u>1,562,000</u>	<u>1,555,259</u>	<u>585,007</u>	<u>1,400</u>	<u>22,086</u>
Excess (deficiency) of receipts over disbursements	<u>(42,445)</u>	<u>(12,435)</u>	<u>(1,562,000)</u>	<u>(59,819)</u>	<u>(228,590)</u>	<u>(613)</u>	<u>18,552</u>
Other financing sources:							
Transfers in	-	-	1,874,300	-	14,904	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,874,300</u>	<u>-</u>	<u>14,904</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements	<u>(42,445)</u>	<u>(12,435)</u>	<u>312,300</u>	<u>(59,819)</u>	<u>(213,686)</u>	<u>(613)</u>	<u>18,552</u>
Cash and investments - beginning	<u>(446,281)</u>	<u>(7,200)</u>	<u>8,079</u>	<u>(69,377)</u>	<u>(78,897)</u>	<u>3,889</u>	<u>33,147</u>
Cash and investments - ending	<u>\$ (488,726)</u>	<u>\$ (19,635)</u>	<u>\$ 320,379</u>	<u>\$ (129,196)</u>	<u>\$ (292,583)</u>	<u>\$ 3,276</u>	<u>\$ 51,699</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (488,726)	\$ (19,635)	\$ 320,379	\$ (129,196)	\$ (292,583)	\$ 3,276	\$ 51,699
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (488,726)</u>	<u>\$ (19,635)</u>	<u>\$ 320,379</u>	<u>\$ (129,196)</u>	<u>\$ (292,583)</u>	<u>\$ 3,276</u>	<u>\$ 51,699</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(488,726)</u>	<u>(19,635)</u>	<u>320,379</u>	<u>(129,196)</u>	<u>(292,583)</u>	<u>3,276</u>	<u>51,699</u>
Total cash and investment fund balance - ending	<u>\$ (488,726)</u>	<u>\$ (19,635)</u>	<u>\$ 320,379</u>	<u>\$ (129,196)</u>	<u>\$ (292,583)</u>	<u>\$ 3,276</u>	<u>\$ 51,699</u>

MOUNT VERNON 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, 2009
 (Continued)

	Non-English Speaking Program	Tech Planning Grant 1999-2003	Professional Development Grant	Laptop State Grant	Title I, FY08	Title I, FY09	Title V Part A, 05-06
Receipts:							
Local sources	\$ -	\$ 121,937	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	6,746	-	42,608	33,660	-	-	-
Federal sources	-	4,529	-	-	9,500	82,526	-
Other	-	-	-	-	-	-	-
Total receipts	6,746	126,466	42,608	33,660	9,500	82,526	-
Disbursements:							
Current:							
Instruction	9,418	-	44,753	-	4,637	82,121	-
Support services	-	65,325	-	33,660	2,000	-	706
Noninstructional services	-	-	-	-	1,203	533	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,418	65,325	44,753	33,660	7,840	82,654	706
Excess (deficiency) of receipts over disbursements	(2,672)	61,141	(2,145)	-	1,660	(128)	(706)
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(2,672)	61,141	(2,145)	-	1,660	(128)	(706)
Cash and investments - beginning	8,270	35,334	36,609	-	(1,660)	-	706
Cash and investments - ending	<u>\$ 5,598</u>	<u>\$ 96,475</u>	<u>\$ 34,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,598	\$ 96,475	\$ 34,464	\$ -	\$ -	\$ (128)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,598	\$ 96,475	\$ 34,464	\$ -	\$ -	\$ (128)	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,598	96,475	34,464	-	-	(128)	-
Total cash and investment fund balance - ending	\$ 5,598	\$ 96,475	\$ 34,464	\$ -	\$ -	\$ (128)	\$ -

MOUNT VERNON 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, 2009
 (Continued)

	Title V Part A, FY08	Title IV, Part A Drug Free Schools, FY07	Title IV, Part A Drug Free Schools, FY08	Title II, Improving Teacher Quality	Title II, Improving Teacher Quality FY08-09	Title II, Part D Inaccess Tech. Ed.	Title III, Lang Minority
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	4,311	1,148	6,970	-	57,626	155,990	-
Other	-	-	-	-	-	-	-
Total receipts	4,311	1,148	6,970	-	57,626	155,990	-
Disbursements:							
Current:							
Instruction	-	4,730	-	42,135	17,586	-	4,624
Support services	1,409	-	-	5,234	200	117,293	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	1,083	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,409	5,813	-	47,369	17,786	117,293	4,624
Excess (deficiency) of receipts over disbursements	2,902	(4,665)	6,970	(47,369)	39,840	38,697	(4,624)
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	2,902	(4,665)	6,970	(47,369)	39,840	38,697	(4,624)
Cash and investments - beginning	-	5,501	-	40,101	-	-	4,624
Cash and investments - ending	<u>\$ 2,902</u>	<u>\$ 836</u>	<u>\$ 6,970</u>	<u>\$ (7,268)</u>	<u>\$ 39,840</u>	<u>\$ 38,697</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,902	\$ 836	\$ 6,970	\$ (7,268)	\$ 39,840	\$ 38,697	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,902	\$ 836	\$ 6,970	\$ (7,268)	\$ 39,840	\$ 38,697	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,902	836	6,970	(7,268)	39,840	38,697	-
Total cash and investment fund balance - ending	\$ 2,902	\$ 836	\$ 6,970	\$ (7,268)	\$ 39,840	\$ 38,697	\$ -

MOUNT VERNON 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, 2009
 (Continued)

	TAH American History Grant	ARRA 2009, Fiscal Stabilization, Education	Retirement/ Severance Bond Debt Service	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 511,616	\$ 232,934	\$ 144,516	\$ 3,691,129
Intermediate sources	-	-	-	-	-	787
State sources	-	-	-	-	-	370,508
Federal sources	-	1,621,920	-	-	-	2,270,911
Other	-	-	-	-	-	420
Total receipts	-	1,621,920	511,616	232,934	144,516	6,333,755
Disbursements:						
Current:						
Instruction	-	1,110,862	-	-	-	2,577,861
Support services	85,354	336,850	-	272,388	-	2,749,133
Noninstructional services	-	27,300	-	-	-	1,583,227
Facilities acquisition and construction	-	-	-	-	125,350	127,337
Debt services	-	-	515,965	-	-	515,965
Nonprogrammed charges	-	884	-	-	-	542,648
Total disbursements	85,354	1,475,896	515,965	272,388	125,350	8,096,171
Excess (deficiency) of receipts over disbursements	(85,354)	146,024	(4,349)	(39,454)	19,166	(1,762,416)
Other financing sources:						
Transfers in	-	-	-	-	-	1,889,204
Total other financing sources	-	-	-	-	-	1,889,204
Excess (deficiency) of receipts and other financing sources over disbursements	(85,354)	146,024	(4,349)	(39,454)	19,166	126,788
Cash and investments - beginning	-	-	(234,202)	136,146	(7,201)	(532,412)
Cash and investments - ending	<u>\$ (85,354)</u>	<u>\$ 146,024</u>	<u>\$ (238,551)</u>	<u>\$ 96,692</u>	<u>\$ 11,965</u>	<u>\$ (405,624)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (85,354)	\$ 146,024	\$ -	\$ 96,692	\$ 11,965	\$ (167,073)
Restricted assets:						
Cash and investments	-	-	(238,551)	-	-	(238,551)
Total cash and investment assets - ending	<u>\$ (85,354)</u>	<u>\$ 146,024</u>	<u>\$ (238,551)</u>	<u>\$ 96,692</u>	<u>\$ 11,965</u>	<u>\$ (405,624)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ (238,551)	\$ -	\$ -	\$ (238,551)
Unrestricted	(85,354)	146,024	-	96,692	11,965	(167,073)
Total cash and investment fund balance - ending	<u>\$ (85,354)</u>	<u>\$ 146,024</u>	<u>\$ (238,551)</u>	<u>\$ 96,692</u>	<u>\$ 11,965</u>	<u>\$ (405,624)</u>

MOUNT VERNON 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, 2010

	Transportation Operating	Special Education Preschool	Rainy Day	Food Service	Textbook Rental	Education License Plate	Gifted and Talented High Ability
Receipts:							
Local sources	\$ 1,859,563	\$ -	\$ -	\$ 1,161,763	\$ 313,356	\$ -	\$ -
Intermediate sources	-	-	-	-	-	432	-
State sources	-	85,250	-	21,842	54,617	-	-
Federal sources	-	-	-	409,098	-	-	-
Other	-	-	-	170	-	-	-
Total receipts	1,859,563	85,250	-	1,592,873	367,973	432	-
Disbursements:							
Current:							
Instruction	-	(20,726)	1,000,000	-	-	-	51,699
Support services	1,244,901	-	-	819	385,316	-	-
Noninstructional services	-	-	-	1,504,502	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	85,251	300,000	-	-	-	-
Total disbursements	1,244,901	64,525	1,300,000	1,505,321	385,316	-	51,699
Excess (deficiency) of receipts over disbursements	614,662	20,725	(1,300,000)	87,552	(17,343)	432	(51,699)
Other financing sources (uses):							
Transfers in	-	-	1,000,000	-	-	-	-
Transfers out	-	(1,090)	-	-	-	-	-
Total other financing sources (uses)	-	(1,090)	1,000,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	614,662	19,635	(300,000)	87,552	(17,343)	432	(51,699)
Cash and investments - beginning	(488,726)	(19,635)	320,379	(129,196)	(292,583)	3,276	51,699
Cash and investments - ending	<u>\$ 125,936</u>	<u>\$ -</u>	<u>\$ 20,379</u>	<u>\$ (41,644)</u>	<u>\$ (309,926)</u>	<u>\$ 3,708</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 125,936	\$ -	\$ 20,379	\$ (41,644)	\$ (309,926)	\$ 3,708	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 125,936</u>	<u>\$ -</u>	<u>\$ 20,379</u>	<u>\$ (41,644)</u>	<u>\$ (309,926)</u>	<u>\$ 3,708</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	125,936	-	20,379	(41,644)	(309,926)	3,708	-
Total cash and investment fund balance - ending	<u>\$ 125,936</u>	<u>\$ -</u>	<u>\$ 20,379</u>	<u>\$ (41,644)</u>	<u>\$ (309,926)</u>	<u>\$ 3,708</u>	<u>\$ -</u>

MOUNT VERNON 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, 2010
 (Continued)

	Gifted and Talented, FY10	Non-English Speaking Program	Tech Planning Grant 1999-2003	Professional Development Grant	Lead The Way Project/MVHS	Title I, FY09	Title I, FY10
Receipts:							
Local sources	\$ -	\$ 952	\$ 58,431	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	40,765	5,979	-	7,500	-	-	-
Federal sources	-	-	-	-	-	8,034	81,629
Other	-	-	-	-	-	-	-
Total receipts	40,765	6,931	58,431	7,500	-	8,034	81,629
Disbursements:							
Current:							
Instruction	19,832	6,802	-	34,946	18,107	6,019	84,594
Support services	-	-	52,886	-	-	1,452	951
Noninstructional services	-	-	-	-	-	435	900
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	19,832	6,802	52,886	34,946	18,107	7,906	86,445
Excess (deficiency) of receipts over disbursements	20,933	129	5,545	(27,446)	(18,107)	128	(4,816)
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	20,933	129	5,545	(27,446)	(18,107)	128	(4,816)
Cash and investments - beginning	-	5,598	96,475	34,464	-	(128)	-
Cash and investments - ending	<u>\$ 20,933</u>	<u>\$ 5,727</u>	<u>\$ 102,020</u>	<u>\$ 7,018</u>	<u>\$ (18,107)</u>	<u>\$ -</u>	<u>\$ (4,816)</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 20,933	\$ 5,727	\$ 102,020	\$ 7,018	\$ (18,107)	\$ -	\$ (4,816)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 20,933</u>	<u>\$ 5,727</u>	<u>\$ 102,020</u>	<u>\$ 7,018</u>	<u>\$ (18,107)</u>	<u>\$ -</u>	<u>\$ (4,816)</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,933	5,727	102,020	7,018	(18,107)	-	(4,816)
Total cash and investment fund balance - ending	<u>\$ 20,933</u>	<u>\$ 5,727</u>	<u>\$ 102,020</u>	<u>\$ 7,018</u>	<u>\$ (18,107)</u>	<u>\$ -</u>	<u>\$ (4,816)</u>

MOUNT VERNON 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, 2010
 (Continued)

	Title V Part A, FY08	Title V Part A, FY09	Title IV, Part A Drug Free Schools, FY07	Title IV, Part A Drug Free Schools, FY08	Title IV, Part A Drug Free Schools, FY09	Title IV, Part A Drug Free Schools, FY10	Title II, Improving Teacher Quality
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	1,681	-	-	5,611	7,169	-
Other	-	-	-	-	-	-	-
Total receipts	-	1,681	-	-	5,611	7,169	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	(7,268)
Support services	2,902	-	-	6,970	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	836	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,902	-	836	6,970	-	-	(7,268)
Excess (deficiency) of receipts over disbursements	(2,902)	1,681	(836)	(6,970)	5,611	7,169	7,268
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	(2,902)	1,681	(836)	(6,970)	5,611	7,169	7,268
Cash and investments - beginning	2,902	-	836	6,970	-	-	(7,268)
Cash and investments - ending	\$ -	\$ 1,681	\$ -	\$ -	\$ 5,611	\$ 7,169	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 1,681	\$ -	\$ -	\$ 5,611	\$ 7,169	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 1,681	\$ -	\$ -	\$ 5,611	\$ 7,169	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,681	-	-	5,611	7,169	-
Total cash and investment fund balance - ending	\$ -	\$ 1,681	\$ -	\$ -	\$ 5,611	\$ 7,169	\$ -

MOUNT VERNON 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, 2010
 (Continued)

	Title II, Improving Teacher Quality FY08-09	Title II, Part D Inaccess Tech. Ed.	Tech LIT Challenge	Title II, Part D Tech. Ed. '10	TAH American History Grant	ARRA 2009, Fiscal Stabilization, Education
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 237	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	22,000	36,478	375,106	737,954
Other	-	-	-	-	-	-
Total receipts	-	-	22,000	36,478	375,343	737,954
Disbursements:						
Current:						
Instruction	27,626	-	-	-	-	645,841
Support services	8,742	25,559	-	19,584	266,622	199,950
Noninstructional services	-	-	-	-	-	25,371
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	14,000	12,816
Total disbursements	36,368	25,559	-	19,584	280,622	883,978
Excess (deficiency) of receipts over disbursements	(36,368)	(25,559)	22,000	16,894	94,721	(146,024)
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	(36,368)	(25,559)	22,000	16,894	94,721	(146,024)
Cash and investments - beginning	39,840	38,697	-	-	(85,354)	146,024
Cash and investments - ending	<u>\$ 3,472</u>	<u>\$ 13,138</u>	<u>\$ 22,000</u>	<u>\$ 16,894</u>	<u>\$ 9,367</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 3,472	\$ 13,138	\$ 22,000	\$ 16,894	\$ 9,367	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,472</u>	<u>\$ 13,138</u>	<u>\$ 22,000</u>	<u>\$ 16,894</u>	<u>\$ 9,367</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,472	13,138	22,000	16,894	9,367	-
Total cash and investment fund balance - ending	<u>\$ 3,472</u>	<u>\$ 13,138</u>	<u>\$ 22,000</u>	<u>\$ 16,894</u>	<u>\$ 9,367</u>	<u>\$ -</u>

MOUNT VERNON 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, 2010
 (Continued)

	Grants to LEAs (Stimulus)	Special Ed - Part B, Preschool (Stimulus)	Retirement/ Severance Bond Debt Service	School Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 734,838	\$ 235,985	\$ 239,930	\$ 4,605,055
Intermediate sources	-	-	-	-	-	432
State sources	-	-	-	-	-	215,953
Federal sources	307,548	13,899	-	-	-	2,006,207
Other	-	-	-	34,480	-	34,650
Total receipts	307,548	13,899	734,838	270,465	239,930	6,862,297
Disbursements:						
Current:						
Instruction	265,757	12,445	-	-	-	2,145,674
Support services	4,524	-	-	216,340	-	2,437,518
Noninstructional services	-	-	-	-	-	1,531,208
Facilities acquisition and construction	-	-	-	-	216,824	217,660
Debt services	-	-	508,502	-	-	508,502
Nonprogrammed charges	-	-	-	-	-	412,067
Total disbursements	270,281	12,445	508,502	216,340	216,824	7,252,629
Excess (deficiency) of receipts over disbursements	37,267	1,454	226,336	54,125	23,106	(390,332)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,000,000
Transfers out	-	-	-	-	-	(1,090)
Total other financing sources (uses)	-	-	-	-	-	998,910
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,267	1,454	226,336	54,125	23,106	608,578
Cash and investments - beginning	-	-	(238,551)	96,692	11,965	(405,624)
Cash and investments - ending	\$ 37,267	\$ 1,454	\$ (12,215)	\$ 150,817	\$ 35,071	\$ 202,954
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 37,267	\$ 1,454	\$ -	\$ 150,817	\$ 35,071	\$ 215,169
Restricted assets:						
Cash and investments	-	-	(12,215)	-	-	(12,215)
Total cash and investment assets - ending	\$ 37,267	\$ 1,454	\$ (12,215)	\$ 150,817	\$ 35,071	\$ 202,954
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ (12,215)	\$ -	\$ -	\$ (12,215)
Unrestricted	37,267	1,454	-	150,817	35,071	215,169
Total cash and investment fund balance - ending	\$ 37,267	\$ 1,454	\$ (12,215)	\$ 150,817	\$ 35,071	\$ 202,954

MOUNT VERNON 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, 2009

	<u>N. Ind. Supt. Club (NISC)</u>	<u>Flu Shot</u>	<u>Harvest Church Donation</u>	<u>Pepsi Donation</u>	<u>Coca Cola Donation</u>
Additions:					
Contributions:					
Other	\$ 6,250	\$ 2,975	\$ 500	\$ 2,911	\$ 29,140
Deductions:					
Administrative and general	<u>6,250</u>	<u>2,975</u>	<u>-</u>	<u>10,701</u>	<u>19,000</u>
Excess (deficiency) of total additions over total deductions	-	-	500	(7,790)	10,140
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,375</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,585</u>	<u>\$ 10,140</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,585</u>	<u>\$ 10,140</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,585</u>	<u>\$ 10,140</u>

MOUNT VERNON 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, 2009
 (Continued)

	<u>Rotary & Realtors Donation</u>	<u>Lilly Grant 2008</u>	<u>MCE PTO Donation</u>	<u>Summer School Elem PTO Donation</u>	<u>CIP - Tech Grant '08 (HS - Kane)</u>
Additions:					
Contributions:					
Other	\$ 500	\$ -	\$ 26,392	\$ -	\$ -
Deductions:					
Administrative and general	131	5,016	26,282	-	2,933
Excess (deficiency) of total additions over total deductions	369	(5,016)	110	-	(2,933)
Cash and investment fund balance - beginning	-	5,395	3,394	1,593	3,415
Cash and investment fund balance - ending	<u>\$ 369</u>	<u>\$ 379</u>	<u>\$ 3,504</u>	<u>\$ 1,593</u>	<u>\$ 482</u>
Net assets:					
Cash and investments	<u>\$ 369</u>	<u>\$ 379</u>	<u>\$ 3,504</u>	<u>\$ 1,593</u>	<u>\$ 482</u>
Total net assets - cash and investment basis held in trust	<u>\$ 369</u>	<u>\$ 379</u>	<u>\$ 3,504</u>	<u>\$ 1,593</u>	<u>\$ 482</u>

MOUNT VERNON 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, 2009
 (Continued)

	Covance Labs Donation	MV Ed Foundation Education Grants	MVEF Director	HCCF-MVHS Hi-Tech Rail Grant	MVMS-KSM Science Grant
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:					
Administrative and general	-	4,499	1,128	-	-
Excess (deficiency) of total additions over total deductions	-	(4,499)	(1,128)	-	-
Cash and investment fund balance - beginning	-	4,499	-	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,128)</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,128)</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,128)</u>	<u>\$ -</u>	<u>\$ -</u>

MOUNT VERNON 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, 2009
 (Continued)

	MVHS Gridlock Donation (DC Trip)	HCCF-FDK Emerg Sch Grant 09-10	HCCF-HS Real Care Infant Grant	CAPE III Grant 05-08	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 68,668
Deductions:					
Administrative and general	-	-	-	4,508	83,423
Excess (deficiency) of total additions over total deductions	-	-	-	(4,508)	(14,755)
Cash and investment fund balance - beginning	-	-	-	4,508	34,179
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,424</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,424</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,424</u>

MOUNT VERNON 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, 2010

	<u>N. Ind. Supt. Club (NISC)</u>	<u>Flu Shot</u>	<u>Harvest Church Donation</u>	<u>Pepsi Donation</u>	<u>Coca Cola Donation</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 17,249
Deductions:					
Administrative and general	-	-	-	3,585	17,841
Excess (deficiency) of total additions over total deductions	-	-	-	(3,585)	(592)
Cash and investment fund balance - beginning	-	-	500	3,585	10,140
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 9,548</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 9,548</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 9,548</u>

MOUNT VERNON 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, 2010
 (Continued)

	<u>Rotary & Realtors Donation</u>	<u>Lilly Grant 2008</u>	<u>MCE PTO Donation</u>	<u>Summer School Elem PTO Donation</u>	<u>CIP - Tech Grant '08 (HS - Kane)</u>
Additions:					
Contributions:					
Other	\$ 750	\$ -	\$ 28,395	\$ -	\$ -
Deductions:					
Administrative and general	<u>306</u>	<u>379</u>	<u>27,630</u>	<u>-</u>	<u>482</u>
Excess (deficiency) of total additions over total deductions	444	(379)	765	-	(482)
Cash and investment fund balance - beginning	<u>369</u>	<u>379</u>	<u>3,504</u>	<u>1,593</u>	<u>482</u>
Cash and investment fund balance - ending	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 4,269</u>	<u>\$ 1,593</u>	<u>\$ -</u>
Net assets:					
Cash and investments	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 4,269</u>	<u>\$ 1,593</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 4,269</u>	<u>\$ 1,593</u>	<u>\$ -</u>

MOUNT VERNON 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, 2010
 (Continued)

	<u>Covance Labs Donation</u>	<u>MV Ed Foundation Education Grants</u>	<u>MVEF Director</u>	<u>HCCF-MVHS Hi-Tech Rail Grant</u>	<u>MVMS-KSM Science Grant</u>
Additions:					
Contributions:					
Other	\$ 1,000	\$ -	\$ 19,000	\$ 7,500	\$ 2,500
Deductions:					
Administrative and general	-	-	16,026	7,500	2,500
Excess (deficiency) of total additions over total deductions	1,000	-	2,974	-	-
Cash and investment fund balance - beginning	-	-	(1,128)	-	-
Cash and investment fund balance - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:					
Cash and investments	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ -</u>

MOUNT VERNON 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, 2010
 (Continued)

	MVHS Gridlock Donation (DC Trip)	HCCF-FDK Emerg Sch Grant 09-10	HCCF-HS Real Care Infant Grant	CAPE III Grant 05-08	Totals
Additions:					
Contributions:					
Other	\$ 1,500	\$ 7,000	\$ 2,853	\$ -	\$ 87,747
Deductions:					
Administrative and general	1,500	7,000	-	-	84,749
Excess (deficiency) of total additions over total deductions	-	-	2,853	-	2,998
Cash and investment fund balance - beginning	-	-	-	-	19,424
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,853</u>	<u>\$ -</u>	<u>\$ 22,422</u>
Net assets:					
Cash and investments	\$ -	\$ -	\$ 2,853	\$ -	\$ 22,422
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,853</u>	<u>\$ -</u>	<u>\$ 22,422</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2009

	Payroll
Additions:	
Agency fund additions	\$ 4,707,875
Deductions:	
Agency fund deductions	4,684,807
Excess of total additions over total deductions	23,068
Cash and investment fund balance - beginning	122,868
Cash and investment fund balance - ending	\$ 145,936

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2010

	Payroll
Additions:	
Agency fund additions	\$ 4,597,952
Deductions:	
Agency fund deductions	4,562,764
Excess of total additions over total deductions	35,188
Cash and investment fund balance - beginning	145,936
Cash and investment fund balance - ending	\$ 181,124

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,763,650
Buildings	101,673,203
Improvements other than buildings	12,870,611
Machinery and equipment	<u>11,826,431</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 129,133,895</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 As of June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Mt. Vernon CSC School Building Corporation		
High School (Addition and Renovation 1994), Refinanced 2001	\$ 1,780,000	\$ 942,635
Mt. Vernon of Hancock County Multi-School Building Corporation		
Intermediate School/McCordsville Elementary (2001A&B), Refinanced 2005	30,280,000	2,473,000
McCordsville Elementary, 2004	13,805,000	1,306,000
Middle School Pool & 100N/600W Property Purchase, 2008	4,865,000	496,000
Mt. Vernon School Building Corporation of Hancock County		
High School (Addition and Renovation)/Mount Comfort Elementary, 2008	74,170,000	4,698,500
SR 234 Property and Buildings	296,875	342,865
Notes and loans payable		
Indiana Bond Bank TAW	2,687,789	2,712,154
Bonds payable:		
General obligation bonds:		
School Pension Bond, 2002	1,565,000	259,304
School Pension Bond, 2006	2,635,000	255,773
Common School Loans:		
MS/MCE Building Loan, 1990 (A-0307)	75,000	77,813
MVHS Building Loan, 1994 (A-0338)	300,000	89,063
	<u>300,000</u>	<u>89,063</u>
Total governmental activities debt	<u>\$ 132,459,664</u>	<u>\$ 13,653,107</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The following funds were overdrawn:

Fund	2009	2010
General	\$ 1,021,602	\$ 4,105,884
Debt Service	1,158,911	-
Capital Projects	482,218	-
Transportation Operating	488,726	-
Special Education Preschool	19,635	-
Food Service	129,196	41,644
Textbook Rental	292,583	309,926
Lead the Way Project/MVHS	-	18,107
Title I, FY09	128	-
Title I, FY10	-	4,816
Title II, Improving Teacher Quality	7,268	-
TAH American History Grant	85,354	-
Retirement/Severance Bond Debt Service	238,551	12,215
MVEF Director	1,128	-

The 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 MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the Mount Vernon 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, 2009 and 2010. 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, 2009 and 2010.

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 is described in the accompanying 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, 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

November 18, 2010

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY08/09 FY09/10	\$ 43,161 -	\$ - 47,765
National School Lunch Program	10.555	FY08/09 FY09/10	340,133 -	- 423,354
Total for cluster			<u>383,294</u>	<u>471,119</u>
Total for federal grantor agency			<u>383,294</u>	<u>471,119</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	08-3135 09-3135 10-3135	7,840 82,654 -	- 7,906 86,444
Total for program and cluster			<u>90,494</u>	<u>94,350</u>
Pass-Through Indiana Department of Education Educational Technology State Grants Cluster Education Technology State Grants	84.318	S318X70014	117,293	25,559
Pass-Through Rush County Schools		A58-0-10IT-053	-	19,584
Total for program and cluster			<u>117,293</u>	<u>45,143</u>
Pass-Through Hancock-South Madison Joint Services Special Education Cluster ARRA - Special Education - Grants to States (IDEA Part B)	84.391	33310-027-SN01	-	270,281
ARRA - Special Education - Preschool Grants (IDEA Preschool)	84.392	44410-027-SN01	-	12,445
Total for cluster			<u>-</u>	<u>282,726</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	050100130	1,475,897	883,978
Total for program and cluster			<u>1,475,897</u>	<u>883,978</u>
Direct Grant Fund for the Improvement of Education Teaching American History Grant	84.215	U215X070331	85,354	280,621
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	06-3135 07-3135	5,813 -	836 6,970
Total for program			<u>5,813</u>	<u>7,806</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education Project Lead the Way	84.243	PLTW-9-805	-	18,107
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	06-3135 07-3135	706 1,409	- 2,902
Total for program			<u>2,115</u>	<u>2,902</u>
English Language Acquisition Grants	84.365	FY08/09	4,624	-
Improving Teacher Quality State Grants	84.367	07-3135 08-3135	40,101 25,054	- 29,100
Total for program			<u>65,155</u>	<u>29,100</u>
Total for federal grantor agency			<u>1,846,745</u>	<u>1,644,733</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1766	5,260	-
Total for program			<u>5,260</u>	<u>-</u>
Total for federal grantor agency			<u>5,260</u>	<u>-</u>
Total federal awards expended			<u>\$ 2,235,299</u>	<u>\$ 2,115,852</u>

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

MOUNT VERNON 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 Mount Vernon Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster	10.555	\$ 56,903	\$ 62,021

MOUNT VERNON 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
84.394	State Fiscal Stabilization Fund Cluster
84.215	Fund for the Improvement of Education

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2010, with Beverly J. Baugh, Treasurer; Dr. William J. Riggs, Superintendent of Schools; and Kevin E. Burk, President of the School Board.

The official response has been made a part of this report and may be found on page 55.

Mt. Vernon Community School Corporation

School Board

Kevin Burk
Shelton Oakes
Paul Riddle
Robert Hiday
Vernée Eads

1776 W. State Road 234
Fortville, IN 46040-9707
(317) 485-3100
Fax (317) 485-3113

November 18, 2010

Superintendent

Dr. William J. Riggs

Asst. Superintendent

Mr. Mike Horton

Business Manager

Beverly J. Baugh

State Board of Accounts
302 West Washington St., Rm. #E418
Indianapolis, IN 46204-2738

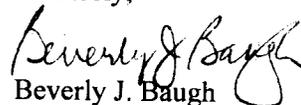
To Whom It May Concern:

The purpose of this letter is to respond to the audit finding for the Mt. Vernon Community School Corporation (#3135) for the period of July 1, 2008 through June 30, 2010, as presented at the exit conference on November 18, 2010. I am not contesting the results of the audit, but rather, explaining the reasoning for the series of "Overdrawn Fund Balances" as of June 30th in both of the audited years, 2009 and 2010.

- 1.) The taxable funds had a deficit balance as of June 30, 2009 because we did not receive our tax distribution from Hancock County until August 27, 2009. We did request and receive advance draws, but the distributed amounts were not sufficient to maintain a positive cash balance in those funds on June 30th.
- 2.) In addition to the delayed tax distribution in 2009, there was a shortfall of tax collections for all taxable funds in 2009 and is anticipated for 2010. Semi-annual bond payments are required from the Retirement/Severance Bond Debt Service Fund. The property tax collection was not sufficient to cover the bond payments and the result was a deficit fund balance. I have discussed this matter with Judy Robertson of DLGF as a need to be addressed in the 2011 budget.
- 3.) The requirement to request reimbursements for federal funds as opposed to receiving funds prior to making expenditures explains the deficit cash balances on June 30, 2010. It is not uncommon to receive reimbursements from the State of Indiana some 30-45 days following confirmation of submitting a request for said monies. This unfortunately increases the opportunity for deficit balances at any given time even when a sincere and timely effort is made to avoid such.
- 4.) We secured temporary loans for cash-flow purposes in the Debt Service and Capital Projects Fund in both years, but did not include the General Fund in the documentation. Had we done so, neither fiscal year would have ended with a General Fund deficit balance; this error will be corrected in 2011. We have been extremely aggressive to reduce General Fund expenditures over the past two years and the situation is continuously monitored. A failed referendum on the November 2, 2010 ballot has forced immediate public discussions and input to commence regarding the next phase of MVCSC budget reductions. Details can be provided upon request.

If you have any questions regarding this matter, please contact me at (317)485-3100, ext. #5104. Thank you for your time and effort regarding this response .

Sincerely,



Beverly J. Baugh

Business Manager/Corp. Treasurer

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"Excellence in Education"