

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED

02/14/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana Crowder Michele Harrison	07-01-10 to 12-31-11 01-01-12 to 06-30-13
Superintendent of Schools	Michael F. Turner	07-01-10 to 06-30-13
President of the School Board	Larry Bemis	07-01-10 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited the accompanying financial statement of the North Vermillion Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 22, 2013 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 22, 2013



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

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited the financial statement of the North Vermillion Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 22, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

January 22, 2013

FINANCIAL STATEMENT

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

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NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

Fund	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 894,632	\$ 5,000,648	\$ 5,366,342	\$ 106,043	\$ 634,981	\$ 4,854,571	\$ 5,297,838	\$ 85,363	\$ 277,077
Debt Service	885,601	778,070	1,148,308	(80,207)	435,156	1,086,010	1,144,472	(76,899)	299,795
Capital Projects	324,644	943,261	585,542	-	682,363	764,712	445,681	(300,000)	701,394
School Transportation	323,463	205,328	487,601	-	41,190	209,536	292,557	-	(41,831)
School Bus Replacement	78,592	92,357	-	-	170,949	81,901	122,447	(35,000)	95,403
Rainy Day	45,469	-	-	-	45,469	-	176,677	335,000	203,792
Construction	-	-	-	-	-	-	107,346	107,346	-
School Lunch	131,817	429,457	405,017	-	156,257	453,260	404,353	-	205,164
Textbook Rental	19,023	50,033	36,007	-	33,049	58,770	44,369	-	47,450
Educational License Plates	1,744	150	-	-	1,894	94	-	-	1,988
Alternative Education	7,846	-	-	-	7,846	-	-	-	7,846
SAFE School Haven	514	-	514	-	-	-	-	-	-
Gifts, Bequests and Donations	688	-	-	-	688	-	-	-	688
High Ability Grant 09-10	10,285	27,913	13,664	-	24,534	-	24,535	-	(1)
High Ability Grant 2011/2012	-	-	-	-	-	26,910	8,493	-	18,417
Scholarships and Awards	11,782	10,006	500	-	21,288	-	1,500	500	20,288
School Technology	10,142	17,820	19,941	-	8,021	21,080	17,571	-	11,530
Local Wellnes	-	1,785	-	-	1,785	120	400	-	1,505
Title I 2010-2011	-	118,254	138,236	27,000	7,018	25,939	29,892	(3,065)	-
Title I 2011/2012	-	-	-	-	-	73,577	94,039	3,065	(17,397)
Title I 2009/2010	42,856	8,998	24,854	(27,000)	-	-	-	-	-
Special Ed Grant 09-10	49,636	11,962	42,039	(19,559)	-	-	-	-	-
Special Ed Part B for Year 2011	-	127,438	140,253	-	(12,815)	42,625	29,808	-	2
Special Ed Part B	-	-	-	-	-	113,386	155,633	-	(42,247)
Federal Assistance Educational Preschool Handicapped	(2,760)	18,242	14,912	2,578	3,148	-	5,041	1,893	-
Preschool Special Ed 2011-2012	-	-	-	-	-	9,914	8,021	(1,893)	-
Drug Free Schools 09-10	1,989	-	64	-	1,925	-	1,925	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	2,853	-	3,509	656	-	-	-	-	-
Title II-A 09-10	44,874	-	33,063	(656)	11,155	-	11,156	-	(1)
Title II-A 2010-2011	-	-	-	-	-	38,778	40,952	-	(2,174)
Title II-D P.L. 107-110	369	-	369	-	-	-	-	-	-
Title I - Grants to LEAs	(33,953)	35,691	1,738	-	-	4,309	4,309	-	-
Special Education - Part B	38,248	45,126	88,204	-	(4,830)	-	-	-	(4,830)
Special Education - Part B - Preschool	3,284	-	-	-	3,284	-	3,284	-	-
Education Jobs	-	-	-	-	-	80,000	80,000	-	-
Payroll Clearing	15,629	1,350,738	1,360,853	-	5,514	1,316,313	1,327,300	-	(5,473)
Totals	\$ 2,909,267	\$ 9,273,277	\$ 9,911,530	\$ 8,855	\$ 2,279,869	\$ 9,261,805	\$ 9,879,599	\$ 116,310	\$ 1,778,385

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

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

to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. New Debt

The School Corporation is approved to receive a Common School Loan for \$1,494,482. The loan is to be used to renovate North Vermillion High School. Loan proceeds are issued as work is completed. At June 30, 2012, \$107,346 of the total amount approved had been drawn down, which is reported in the supplemental debt schedule prepared by the Corporation for fiscal year ending June 30, 2012.

On September 12, 2012, the North Vermillion School Corporation sold general obligation bonds in the amount of \$1,120,000. The proceeds of the bonds are to be used for technology upgrades.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 894,632	\$ 885,601	\$ 324,644	\$ 323,463	\$ 78,592	\$ 45,469	\$ 131,817	\$ 19,023
Receipts:								
Local sources	51,107	778,070	943,261	203,159	92,357	-	195,802	31,150
Intermediate sources	-	-	-	-	-	-	-	-
State sources	4,913,795	-	-	-	-	-	-	18,883
Federal sources	33,155	-	-	25	-	-	233,344	-
Other	2,591	-	-	2,144	-	-	311	-
Total receipts	<u>5,000,648</u>	<u>778,070</u>	<u>943,261</u>	<u>205,328</u>	<u>92,357</u>	<u>-</u>	<u>429,457</u>	<u>50,033</u>
Disbursements:								
Current:								
Instruction	3,181,135	-	-	-	-	-	-	-
Support services	2,035,141	-	229,929	487,601	-	-	-	36,007
Noninstructional services	147,626	-	-	-	-	-	405,017	-
Facilities acquisition and construction	-	-	55,613	-	-	-	-	-
Debt services	-	1,148,308	300,000	-	-	-	-	-
Nonprogrammed charges	2,440	-	-	-	-	-	-	-
Total disbursements	<u>5,366,342</u>	<u>1,148,308</u>	<u>585,542</u>	<u>487,601</u>	<u>-</u>	<u>-</u>	<u>405,017</u>	<u>36,007</u>
Excess (deficiency) of receipts over disbursements	<u>(365,694)</u>	<u>(370,238)</u>	<u>357,719</u>	<u>(282,273)</u>	<u>92,357</u>	<u>-</u>	<u>24,440</u>	<u>14,026</u>
Other financing sources (uses):								
Sale of capital assets	8,856	-	-	-	-	-	-	-
Transfers in	97,187	-	-	-	-	-	-	-
Transfers out	-	(80,207)	-	-	-	-	-	-
Total other financing sources (uses)	<u>106,043</u>	<u>(80,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(259,651)</u>	<u>(450,445)</u>	<u>357,719</u>	<u>(282,273)</u>	<u>92,357</u>	<u>-</u>	<u>24,440</u>	<u>14,026</u>
Cash and investments - ending	<u>\$ 634,981</u>	<u>\$ 435,156</u>	<u>\$ 682,363</u>	<u>\$ 41,190</u>	<u>\$ 170,949</u>	<u>\$ 45,469</u>	<u>\$ 156,257</u>	<u>\$ 33,049</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Educational License Plates	Alternative Education	SAFE School Haven	Gifts Bequests Donations	High Ability Grant 2009-2010	Scholarships and Awards	School Technology	Local Wellness
Cash and investments - beginning	\$ 1,744	\$ 7,846	\$ 514	\$ 688	\$ 10,285	\$ 11,782	\$ 10,142	\$ -
Receipts:								
Local sources	-	-	-	-	-	6	-	1,785
Intermediate sources	150	-	-	-	-	-	-	-
State sources	-	-	-	-	27,913	-	16,744	-
Federal sources	-	-	-	-	-	10,000	-	-
Other	-	-	-	-	-	-	1,076	-
Total receipts	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,913</u>	<u>10,006</u>	<u>17,820</u>	<u>1,785</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	(6,414)	-	-	-
Support services	-	-	514	-	20,078	-	19,941	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	500	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>514</u>	<u>-</u>	<u>13,664</u>	<u>500</u>	<u>19,941</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>150</u>	<u>-</u>	<u>(514)</u>	<u>-</u>	<u>14,249</u>	<u>9,506</u>	<u>(2,121)</u>	<u>1,785</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>150</u>	<u>-</u>	<u>(514)</u>	<u>-</u>	<u>14,249</u>	<u>9,506</u>	<u>(2,121)</u>	<u>1,785</u>
Cash and investments - ending	<u>\$ 1,894</u>	<u>\$ 7,846</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 24,534</u>	<u>\$ 21,288</u>	<u>\$ 8,021</u>	<u>\$ 1,785</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 2010-2011	Title I 2009-2010	Special Ed Grant 2009-2010	Special Ed Part B FY 2011	Federal Assistance Educational Preschool Handicapped	Drug Free Schools 09-10	Improving Teaching Quality No Child Left Title II, Part A	Title II-A 2009-2010
Cash and investments - beginning	\$ -	\$ 42,856	\$ 49,636	\$ -	\$ (2,760)	\$ 1,989	\$ 2,853	\$ 44,874
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	118,254	8,998	11,962	127,438	18,242	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>118,254</u>	<u>8,998</u>	<u>11,962</u>	<u>127,438</u>	<u>18,242</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	136,906	19,086	42,039	140,253	14,912	-	3,509	31,025
Support services	659	5,768	-	-	-	-	-	2,038
Noninstructional services	671	-	-	-	-	64	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>138,236</u>	<u>24,854</u>	<u>42,039</u>	<u>140,253</u>	<u>14,912</u>	<u>64</u>	<u>3,509</u>	<u>33,063</u>
Excess (deficiency) of receipts over disbursements	<u>(19,982)</u>	<u>(15,856)</u>	<u>(30,077)</u>	<u>(12,815)</u>	<u>3,330</u>	<u>(64)</u>	<u>(3,509)</u>	<u>(33,063)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	27,000	-	-	-	2,578	-	656	-
Transfers out	-	(27,000)	(19,559)	-	-	-	-	(656)
Total other financing sources (uses)	<u>27,000</u>	<u>(27,000)</u>	<u>(19,559)</u>	<u>-</u>	<u>2,578</u>	<u>-</u>	<u>656</u>	<u>(656)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,018</u>	<u>(42,856)</u>	<u>(49,636)</u>	<u>(12,815)</u>	<u>5,908</u>	<u>(64)</u>	<u>(2,853)</u>	<u>(33,719)</u>
Cash and investments - ending	<u>\$ 7,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,815)</u>	<u>\$ 3,148</u>	<u>\$ 1,925</u>	<u>\$ -</u>	<u>\$ 11,155</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title II- D P.L. 107-110	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 369	\$ (33,953)	\$ 38,248	\$ 3,284	\$ -	\$ 15,629	\$ 2,909,267
Receipts:							
Local sources	-	-	-	-	-	-	2,296,697
Intermediate sources	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	4,977,335
Federal sources	-	35,691	45,126	-	-	-	642,235
Other	-	-	-	-	-	1,350,738	1,356,860
Total receipts	<u>-</u>	<u>35,691</u>	<u>45,126</u>	<u>-</u>	<u>-</u>	<u>1,350,738</u>	<u>9,273,277</u>
Disbursements:							
Current:							
Instruction	-	-	88,204	-	-	-	3,650,655
Support services	369	1,738	-	-	-	-	2,839,783
Noninstructional services	-	-	-	-	-	-	553,378
Facilities acquisition and construction	-	-	-	-	-	-	55,613
Debt services	-	-	-	-	-	-	1,448,308
Nonprogrammed charges	-	-	-	-	-	1,360,853	1,363,793
Total disbursements	<u>369</u>	<u>1,738</u>	<u>88,204</u>	<u>-</u>	<u>-</u>	<u>1,360,853</u>	<u>9,911,530</u>
Excess (deficiency) of receipts over disbursements	<u>(369)</u>	<u>33,953</u>	<u>(43,078)</u>	<u>-</u>	<u>-</u>	<u>(10,115)</u>	<u>(638,253)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	8,856
Transfers in	-	-	-	-	-	-	127,421
Transfers out	-	-	-	-	-	-	(127,422)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,855</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(369)</u>	<u>33,953</u>	<u>(43,078)</u>	<u>-</u>	<u>-</u>	<u>(10,115)</u>	<u>(629,398)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,830)</u>	<u>\$ 3,284</u>	<u>\$ -</u>	<u>\$ 5,514</u>	<u>\$ 2,279,869</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 634,981	\$ 435,156	\$ 682,363	\$ 41,190	\$ 170,949	\$ 45,469	\$ -	\$ 156,257
Receipts:								
Local sources	63,349	1,083,664	762,330	209,436	81,901	-	-	213,286
Intermediate sources	-	2,346	-	-	-	-	-	-
State sources	4,764,571	-	-	-	-	-	-	-
Federal sources	24,532	-	-	100	-	-	-	239,896
Other	2,119	-	2,382	-	-	-	-	78
Total receipts	<u>4,854,571</u>	<u>1,086,010</u>	<u>764,712</u>	<u>209,536</u>	<u>81,901</u>	<u>-</u>	<u>-</u>	<u>453,260</u>
Disbursements:								
Current:								
Instruction	3,113,893	-	-	-	-	-	-	-
Support services	2,041,700	-	345,719	292,557	122,447	176,677	-	1,944
Noninstructional services	142,245	-	-	-	-	-	-	402,409
Facilities acquisition and construction	-	-	99,962	-	-	-	107,346	-
Debt services	-	1,144,472	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,297,838</u>	<u>1,144,472</u>	<u>445,681</u>	<u>292,557</u>	<u>122,447</u>	<u>176,677</u>	<u>107,346</u>	<u>404,353</u>
Excess (deficiency) of receipts over disbursements	<u>(443,267)</u>	<u>(58,462)</u>	<u>319,031</u>	<u>(83,021)</u>	<u>(40,546)</u>	<u>(176,677)</u>	<u>(107,346)</u>	<u>48,907</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	107,346	-
Sale of capital assets	8,464	-	-	-	-	-	-	-
Transfers in	76,899	-	-	-	-	335,000	-	-
Transfers out	-	(76,899)	(300,000)	-	(35,000)	-	-	-
Total other financing sources (uses)	<u>85,363</u>	<u>(76,899)</u>	<u>(300,000)</u>	<u>-</u>	<u>(35,000)</u>	<u>335,000</u>	<u>107,346</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(357,904)</u>	<u>(135,361)</u>	<u>19,031</u>	<u>(83,021)</u>	<u>(75,546)</u>	<u>158,323</u>	<u>-</u>	<u>48,907</u>
Cash and investments - ending	<u>\$ 277,077</u>	<u>\$ 299,795</u>	<u>\$ 701,394</u>	<u>\$ (41,831)</u>	<u>\$ 95,403</u>	<u>\$ 203,792</u>	<u>\$ -</u>	<u>\$ 205,164</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Educational License Plates	Alternative Education	Gifts Bequests Donations	High Ability Grant 2009-2010	High Ability Grant 2011-2012	Scholarships and Awards	School Technology
Cash and investments - beginning	\$ 33,049	\$ 1,894	\$ 7,846	\$ 688	\$ 24,534	\$ -	\$ 21,288	\$ 8,021
Receipts:								
Local sources	28,596	-	-	-	-	-	-	-
Intermediate sources	-	94	-	-	-	-	-	-
State sources	30,174	-	-	-	-	26,910	-	20,591
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	489
Total receipts	<u>58,770</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,910</u>	<u>-</u>	<u>21,080</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	8,493	-	-
Support services	44,369	-	-	-	24,535	-	-	17,571
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	1,500	-
Total disbursements	<u>44,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,535</u>	<u>8,493</u>	<u>1,500</u>	<u>17,571</u>
Excess (deficiency) of receipts over disbursements	<u>14,401</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>(24,535)</u>	<u>18,417</u>	<u>(1,500)</u>	<u>3,509</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	500	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>14,401</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>(24,535)</u>	<u>18,417</u>	<u>(1,000)</u>	<u>3,509</u>
Cash and investments - ending	<u>\$ 47,450</u>	<u>\$ 1,988</u>	<u>\$ 7,846</u>	<u>\$ 688</u>	<u>\$ (1)</u>	<u>\$ 18,417</u>	<u>\$ 20,288</u>	<u>\$ 11,530</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Local Wellness	Title I 2010-2011	Title I 2011-2012	Special Ed Part B FY 2011	Special Ed Part B	Federal Assistance Educational Preschool Handicapped	Preschool Special Ed 2011-2012	Drug Free Schools 09-10
Cash and investments - beginning	\$ 1,785	\$ 7,018	\$ -	\$ (12,815)	\$ -	\$ 3,148	\$ -	\$ 1,925
Receipts:								
Local sources	120	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	25,939	73,577	42,625	113,386	-	9,914	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>120</u>	<u>25,939</u>	<u>73,577</u>	<u>42,625</u>	<u>113,386</u>	<u>-</u>	<u>9,914</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	29,792	85,279	29,808	155,633	5,041	8,021	1,925
Support services	-	15	8,230	-	-	-	-	-
Noninstructional services	400	85	530	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>400</u>	<u>29,892</u>	<u>94,039</u>	<u>29,808</u>	<u>155,633</u>	<u>5,041</u>	<u>8,021</u>	<u>1,925</u>
Excess (deficiency) of receipts over disbursements	<u>(280)</u>	<u>(3,953)</u>	<u>(20,462)</u>	<u>12,817</u>	<u>(42,247)</u>	<u>(5,041)</u>	<u>1,893</u>	<u>(1,925)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	3,065	-	-	1,893	-	-
Transfers out	-	(3,065)	-	-	-	-	(1,893)	-
Total other financing sources (uses)	<u>-</u>	<u>(3,065)</u>	<u>3,065</u>	<u>-</u>	<u>-</u>	<u>1,893</u>	<u>(1,893)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(280)</u>	<u>(7,018)</u>	<u>(17,397)</u>	<u>12,817</u>	<u>(42,247)</u>	<u>(3,148)</u>	<u>-</u>	<u>(1,925)</u>
Cash and investments - ending	<u>\$ 1,505</u>	<u>\$ -</u>	<u>\$ (17,397)</u>	<u>\$ 2</u>	<u>\$ (42,247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title II-A 2009-2010	Title II-A 2010-2011	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 11,155	\$ -	\$ -	\$ (4,830)	\$ 3,284	\$ -	\$ 5,514	\$ 2,279,869
Receipts:								
Local sources	-	-	-	-	-	-	-	2,442,682
Intermediate sources	-	-	-	-	-	-	-	2,440
State sources	-	-	-	-	-	-	-	4,842,246
Federal sources	-	38,778	4,309	-	-	80,000	-	653,056
Other	-	-	-	-	-	-	1,316,313	1,321,381
Total receipts	<u>-</u>	<u>38,778</u>	<u>4,309</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>1,316,313</u>	<u>9,261,805</u>
Disbursements:								
Current:								
Instruction	10,667	40,952	-	-	3,284	-	-	3,492,788
Support services	489	-	4,309	-	-	80,000	-	3,160,562
Noninstructional services	-	-	-	-	-	-	-	545,669
Facilities acquisition and construction	-	-	-	-	-	-	-	207,308
Debt services	-	-	-	-	-	-	-	1,144,472
Nonprogrammed charges	-	-	-	-	-	-	1,327,300	1,328,800
Total disbursements	<u>11,156</u>	<u>40,952</u>	<u>4,309</u>	<u>-</u>	<u>3,284</u>	<u>80,000</u>	<u>1,327,300</u>	<u>9,879,599</u>
Excess (deficiency) of receipts over disbursements	<u>(11,156)</u>	<u>(2,174)</u>	<u>-</u>	<u>-</u>	<u>(3,284)</u>	<u>-</u>	<u>(10,987)</u>	<u>(617,794)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	107,346
Sale of capital assets	-	-	-	-	-	-	-	8,964
Transfers in	-	-	-	-	-	-	-	416,857
Transfers out	-	-	-	-	-	-	-	(416,857)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,310</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(11,156)</u>	<u>(2,174)</u>	<u>-</u>	<u>-</u>	<u>(3,284)</u>	<u>-</u>	<u>(10,987)</u>	<u>(501,484)</u>
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ (2,174)</u>	<u>\$ -</u>	<u>\$ (4,830)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,473)</u>	<u>\$ 1,778,385</u>

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NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 JUNE 30, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Energy Savings	\$ 790,944	\$ 395,472
Notes and loans payable	NVHS Renovations	107,346	-
Notes and loans payable	NVES Construction	177,778	73,592
General obligation bonds	NVES Construction	<u>374,500</u>	<u>374,500</u>
Totals		<u>\$ 1,450,568</u>	<u>\$ 843,564</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

In 2011, the North Vermillion Community School Corporation spent \$19,465 more from the Transportation Fund than was budgeted.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

North Vermillion Community School Corporation did not comply with directives of the Internal Revenue Service. They did not withhold Social Security and Medicare from the School Board members' salaries.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

In addition to the federal grant funds that have negative fund balances awaiting reimbursements for expenditures, the North Vermillion Community School Corporation had two funds with overdrawn fund balances. The fund balances of the Transportation Fund and the Payroll Clearing Fund were overdrawn by \$41,831 and \$5,473, respectively, at June 30, 2012.

The fund 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

Compliance

We have audited the North Vermillion Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

January 22, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 68,172	\$ 62,378
National School Lunch Program	10.555		<u>186,881</u>	<u>198,442</u>
Total for federal grantor agency			<u>255,053</u>	<u>260,820</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants To Local Educational Agencies	84.010	10-8010	51,854	-
		11-8010	138,236	32,957
		12-8010	<u>-</u>	<u>94,309</u>
Total for program			<u>190,090</u>	<u>127,266</u>
ARRA - Title I Grants To Local Educational Agencies, Recovery Act	84.389		<u>1,738</u>	<u>4,309</u>
Total for cluster			<u>191,828</u>	<u>131,575</u>
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	FY 10-11	140,253	29,808
		FY 11-12	<u>-</u>	<u>155,633</u>
Total for program			<u>140,253</u>	<u>185,441</u>
Special Education - Preschool Grants	84.173	FY 10-11	8,856	3,148
		FY 11-12	<u>-</u>	<u>9,914</u>
Total for program			<u>8,856</u>	<u>13,062</u>
Pass-Through Crawfordsville Community School Corporation				
Special Education - Grants to States	84.027	FY 09-10	<u>61,598</u>	-
Special Education - Preschool Grants	84.173	FY 10-11	<u>6,056</u>	-
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-062-SN01	<u>88,204</u>	-
AARA - Special Education - Preschool Grants, Recovery Act	84.392	44410-062-SN01	<u>-</u>	<u>3,284</u>
Total for cluster			<u>304,967</u>	<u>201,787</u>
Direct Grant				
Impact Aid Cluster				
Impact Aid	84.041	24-IN-1301	<u>33,155</u>	<u>24,532</u>
Pass-Through Indiana Department of Education				
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318		<u>369</u>	-
Total for cluster			<u>369</u>	-
Safe and Drug Free Schools and Communities - State Grants	84.186		<u>64</u>	<u>1,925</u>
Improving Teacher Quality State Grants	84.367	09-8010	2,853	-
		10-8010	33,719	11,156
		11-8010	<u>-</u>	<u>40,952</u>
Total for program			<u>36,572</u>	<u>52,108</u>
Education Jobs Fund	84.410		<u>-</u>	<u>80,000</u>
Total for federal grantor agency			<u>566,955</u>	<u>491,927</u>
Total federal awards expended			<u>\$ 822,008</u>	<u>\$ 752,747</u>

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Vermillion Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
Child Nutrition Cluster	10.555	\$ 22,602	\$ 25,260

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2013, with Michael F. Turner, Superintendent of Schools; Michele Harrison, Treasurer; and Larry Wickens, School Board member. The officials concurred with our audit findings.