

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Cindy Guinn	07-01-10 to 06-30-13
Superintendent of Schools	David A. Chapman	07-01-10 to 06-30-13
President of the School Board	Edward Shew Bruce West	01-01-10 to 12-31-10 01-01-11 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the South 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.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 12, 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 SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited the financial statement of the South Vermillion Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 12, 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. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

The School Corporation's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. 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, 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

February 12, 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.

SOUTH 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

	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	\$ 609,010	\$ 11,822,064	\$ 11,670,599	\$ -	\$ 760,475	\$ 11,673,886	\$ 11,450,453	\$ 3,000	\$ 986,908
Debt Service	938,665	1,771,560	1,700,613	-	1,009,612	1,603,830	1,709,431	-	904,011
Capital Projects	1,023,301	2,169,064	2,313,071	-	879,294	1,954,062	1,974,006	-	859,350
School Transportation	628,922	827,494	835,849	-	620,567	811,329	913,748	-	518,148
School Bus Replacement	229,197	72,994	149,606	-	152,585	212,755	11,995	-	353,345
School Lunch	587,659	1,020,972	955,370	(13,033)	640,228	1,010,749	965,492	38,641	724,126
Textbook Rental	208,450	157,428	55,507	-	310,371	197,923	328,663	-	179,631
PVETI 2011-12	131,175	-	85,718	(45,463)	(6)	709,130	639,678	29,154	98,600
PVETI 2010-11	-	650,251	660,263	45,463	35,451	82,434	88,742	(29,154)	(11)
Educational License Plates	263	544	525	-	282	375	581	-	76
Alternative Education	-	4,659	4,659	-	-	4,278	-	(4,278)	-
Early Intervention Grant	23,028	93,000	111,477	-	4,551	8,000	6,194	-	6,357
ISU Professional Development 2007-12	3,475	-	95	-	3,380	-	363	-	3,017
Adult and Continuing Education	(5,323)	42,824	46,663	-	(9,162)	36,606	46,050	8,724	(9,882)
GED Workforce Development	(2,167)	42,875	28,083	-	12,625	-	3,902	(8,724)	(1)
Giacoletto Foundation	6,032	-	-	-	6,032	16,060	15,818	-	6,274
High Ability 2011-12	2,297	-	2,297	-	-	32,045	27,621	-	4,424
High Ability 2010-11	-	33,355	27,813	-	5,542	-	5,541	-	1
Non-English Speaking Programs									
P.L. 273-1999	153	458	153	-	458	-	-	-	458
School Technology	65,408	50,457	74,837	-	41,028	46,787	51,141	-	36,674
Technology Grants [IC 20-40-15]	1,833	-	1,833	-	-	-	-	-	-
Access Indiana	2,500	-	-	-	2,500	-	2,500	-	-
Wellness Program	3,171	9,270	5,840	-	6,601	1,822	1,852	-	6,571
Alternative Suspension	24,824	14,909	27,964	-	11,769	6,700	7,918	-	10,551
Wilson Education Center 2010-11	-	82,432	80,207	45,757	47,982	-	5,096	(42,885)	1
School Security Equipment	-	-	-	-	-	10,000	10,000	-	-
Wilson Education Center 2011-12	51,505	-	5,747	(45,757)	1	91,212	91,117	47,163	47,259

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

SOUTH 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
(Continued)

	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
Title I 2010-11	-	207,978	231,468	2,405	(21,085)	48,656	27,574	-	(3)
Title I 2011-12	26,984	12,797	37,376	(2,405)	-	223,312	249,489	-	(26,177)
Title I Improvement 2009-2010	(33,196)	12,500	(20,696)	-	-	-	-	-	-
Adult Comp 2011-12	2,582	-	2,581	-	1	18,348	23,834	-	(5,485)
Adult Ed Comp 2010-11	-	26,706	32,395	-	(5,689)	10,524	4,838	-	(3)
Title IV Drug Free 2009-10	4,468	-	4,468	-	-	-	-	-	-
ICJI - ASAP Program	(11,303)	15,000	3,697	-	-	-	5,000	-	(5,000)
Perkins 2009-10	6,596	20,319	26,915	-	-	42,020	56,483	-	(14,463)
Perkins 2010-11	-	63,741	68,795	-	(5,054)	9,933	4,880	-	(1)
Tech Prep Law	(4,989)	12,445	7,456	-	-	-	-	-	-
Tech Prep 2007-08	-	-	-	-	-	-	2,085	-	(2,085)
PLTW 2010-11	-	17,377	31,299	-	(13,922)	56,810	42,888	-	-
Tech Prep	-	-	-	-	-	58,817	58,817	-	-
PLTW 2009-10	(21,899)	25,618	3,719	-	-	-	-	-	-
Medicaid Reimbursement - Federal	13,694	28,620	28,413	-	13,901	63,365	54,873	-	22,393
Other Federal Programs	-	-	-	-	-	-	611	-	(611)
Class Size Reduction	8,885	58,000	66,886	-	(1)	33,758	40,218	-	(6,461)
Title II(A) Class Reduction 2009-10	-	26,413	35,527	-	(9,114)	59,379	50,266	-	(1)
ITQ, Enhanced Education Through Technology, Title II, Part D	14,149	-	14,149	-	-	-	-	-	-
Title I - Grants to LEAs	34,546	23,798	58,345	-	(1)	2,082	2,082	-	(1)
Special Education - Part B	(161)	56,209	62,834	-	(6,786)	30,712	23,928	-	(2)
Education Jobs	-	-	-	-	-	270,236	294,461	-	(24,225)
Payroll Clearing	9,556	3,224,362	3,218,631	-	15,287	3,011,505	2,978,438	-	48,354
Totals	<u>\$ 4,583,290</u>	<u>\$ 22,698,493</u>	<u>\$ 22,759,047</u>	<u>\$ (13,033)</u>	<u>\$ 4,509,703</u>	<u>\$ 22,449,440</u>	<u>\$ 22,278,667</u>	<u>\$ 41,641</u>	<u>\$ 4,722,117</u>

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

SOUTH 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.

SOUTH 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.

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

F. Other Financing Sources and Uses

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

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.

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

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.

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.

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

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

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 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. Restatements

At July 1, 2010, the Middle School had two certificates of deposit that were purchased with lunch program receipts but were not included in the June 30, 2010 balance reported. As a result, the July 1, 2010 balance was adjusted to reflect the \$160,033.39 of invested money.

At July 1, 2010, the Middle School had a certificate of deposit that was purchased with textbook rental receipts but were not included in the June 30, 2010 balance reported. As a result, the July 1, 2010 balance was adjusted to reflect the \$37,414.11 of invested money.

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.

SOUTH 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	School Lunch	Textbook Rental	PVETI 2011-12
Cash and investments - beginning	\$ 609,010	\$ 938,665	\$ 1,023,301	\$ 628,922	\$ 229,197	\$ 587,659	\$ 208,450	\$ 131,175
Receipts:								
Local sources	67,683	1,761,560	2,133,822	827,494	72,994	434,658	109,294	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,754,299	10,000	35,242	-	-	11,127	48,134	-
Federal sources	-	-	-	-	-	575,187	-	-
Other	82	-	-	-	-	-	-	-
Total receipts	<u>11,822,064</u>	<u>1,771,560</u>	<u>2,169,064</u>	<u>827,494</u>	<u>72,994</u>	<u>1,020,972</u>	<u>157,428</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	8,315,948	-	-	-	-	-	-	58,216
Support services	3,128,715	-	1,099,644	835,849	149,606	-	55,507	27,502
Noninstructional services	225,781	-	-	-	-	955,370	-	-
Facilities acquisition and construction	-	-	1,213,427	-	-	-	-	-
Debt services	-	1,700,613	-	-	-	-	-	-
Nonprogrammed charges	155	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>11,670,599</u>	<u>1,700,613</u>	<u>2,313,071</u>	<u>835,849</u>	<u>149,606</u>	<u>955,370</u>	<u>55,507</u>	<u>85,718</u>
Excess (deficiency) of receipts over disbursements	<u>151,465</u>	<u>70,947</u>	<u>(144,007)</u>	<u>(8,355)</u>	<u>(76,612)</u>	<u>65,602</u>	<u>101,921</u>	<u>(85,718)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	436,192	28,536	-
Transfers out	-	-	-	-	-	(449,225)	(28,536)	(45,463)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,033)</u>	<u>-</u>	<u>(45,463)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>151,465</u>	<u>70,947</u>	<u>(144,007)</u>	<u>(8,355)</u>	<u>(76,612)</u>	<u>52,569</u>	<u>101,921</u>	<u>(131,181)</u>
Cash and investments - ending	<u>\$ 760,475</u>	<u>\$ 1,009,612</u>	<u>\$ 879,294</u>	<u>\$ 620,567</u>	<u>\$ 152,585</u>	<u>\$ 640,228</u>	<u>\$ 310,371</u>	<u>\$ (6)</u>

SOUTH 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)

	PVETI 2010-11	Educational License Plates	Alternative Education	Early Intervention Grant	ISU Professional Development 2007-12	Adult and Continuing Education	GED Workforce Development	Giacoletto Foundation
Cash and investments - beginning	\$ -	\$ 263	\$ -	\$ 23,028	\$ 3,475	\$ (5,323)	\$ (2,167)	\$ 6,032
Receipts:								
Local sources	650,006	-	-	-	-	-	42,875	-
Intermediate sources	-	544	-	-	-	-	-	-
State sources	-	-	4,659	93,000	-	42,824	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	245	-	-	-	-	-	-	-
Total receipts	650,251	544	4,659	93,000	-	42,824	42,875	-
Disbursements:								
Current:								
Instruction	501,006	525	4,659	108,916	-	46,663	28,083	-
Support services	159,032	-	-	-	95	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	225	-	-	2,561	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	660,263	525	4,659	111,477	95	46,663	28,083	-
Excess (deficiency) of receipts over disbursements	(10,012)	19	-	(18,477)	(95)	(3,839)	14,792	-
Other financing sources (uses):								
Transfers in	45,463	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	45,463	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,451	19	-	(18,477)	(95)	(3,839)	14,792	-
Cash and investments - ending	\$ 35,451	\$ 282	\$ -	\$ 4,551	\$ 3,380	\$ (9,162)	\$ 12,625	\$ 6,032

SOUTH 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)

	High Ability 2011-12	High Ability 2010-11	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants [IC 20-40-15]	Access Indiana	Wellnes Defined
Cash and investments - beginning	\$ 2,297	\$ -	\$ 153	\$ 65,408	\$ 1,833	\$ 2,500	\$ 3,171
Receipts:							
Local sources	-	-	-	-	-	-	9,270
Intermediate sources	-	-	-	21,973	-	-	-
State sources	-	33,355	458	28,484	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>33,355</u>	<u>458</u>	<u>50,457</u>	<u>-</u>	<u>-</u>	<u>9,270</u>
Disbursements:							
Current:							
Instruction	2,297	-	153	-	-	-	-
Support services	-	27,813	-	-	-	-	5,840
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	74,837	1,833	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>2,297</u>	<u>27,813</u>	<u>153</u>	<u>74,837</u>	<u>1,833</u>	<u>-</u>	<u>5,840</u>
Excess (deficiency) of receipts over disbursements	<u>(2,297)</u>	<u>5,542</u>	<u>305</u>	<u>(24,380)</u>	<u>(1,833)</u>	<u>-</u>	<u>3,430</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,297)</u>	<u>5,542</u>	<u>305</u>	<u>(24,380)</u>	<u>(1,833)</u>	<u>-</u>	<u>3,430</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,542</u>	<u>\$ 458</u>	<u>\$ 41,028</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 6,601</u>

SOUTH 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)

	Alternative Suspension	Wilson Education Center 2010-11	School Security Center	Wilson Education Center 2011-12	Title 1 2010-11	Title 1 2011-12	Title I Improvement 2009-10
Cash and investments - beginning	\$ 24,824	\$ -	\$ -	\$ 51,505	\$ -	\$ 26,984	\$ (33,196)
Receipts:							
Local sources	-	189	-	-	-	-	-
Intermediate sources	-	82,243	-	-	-	-	-
State sources	14,909	-	-	-	-	-	-
Federal sources	-	-	-	-	207,978	12,797	12,500
Other	-	-	-	-	-	-	-
Total receipts	<u>14,909</u>	<u>82,432</u>	<u>-</u>	<u>-</u>	<u>207,978</u>	<u>12,797</u>	<u>12,500</u>
Disbursements:							
Current:							
Instruction	27,964	18,382	-	3,125	176,623	25,907	(27,115)
Support services	-	61,825	-	2,622	54,845	11,469	6,419
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>27,964</u>	<u>80,207</u>	<u>-</u>	<u>5,747</u>	<u>231,468</u>	<u>37,376</u>	<u>(20,696)</u>
Excess (deficiency) of receipts over disbursements	<u>(13,055)</u>	<u>2,225</u>	<u>-</u>	<u>(5,747)</u>	<u>(23,490)</u>	<u>(24,579)</u>	<u>33,196</u>
Other financing sources (uses):							
Transfers in	-	45,757	-	-	2,405	-	-
Transfers out	-	-	-	(45,757)	-	(2,405)	-
Total other financing sources (uses)	<u>-</u>	<u>45,757</u>	<u>-</u>	<u>(45,757)</u>	<u>2,405</u>	<u>(2,405)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(13,055)</u>	<u>47,982</u>	<u>-</u>	<u>(51,504)</u>	<u>(21,085)</u>	<u>(26,984)</u>	<u>33,196</u>
Cash and investments - ending	<u>\$ 11,769</u>	<u>\$ 47,982</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (21,085)</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH 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)

	Adult Comp 2011-12	Adult Ed Comp 2010-11	Title IV Drug-Free 2009-10	ICIJ ASAP Program	Perkins 2009-10	Perkins 2010-11	Tech Prep Law
Cash and investments - beginning	\$ 2,582	\$ -	\$ 4,468	\$ (11,303)	\$ 6,596	\$ -	\$ (4,989)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	26,706	-	-	20,319	63,741	12,445
Other	-	-	-	15,000	-	-	-
Total receipts	<u>-</u>	<u>26,706</u>	<u>-</u>	<u>15,000</u>	<u>20,319</u>	<u>63,741</u>	<u>12,445</u>
Disbursements:							
Current:							
Instruction	1,213	9,781	-	3,697	25,971	65,795	-
Support services	1,368	22,614	4,468	-	944	3,000	7,456
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>2,581</u>	<u>32,395</u>	<u>4,468</u>	<u>3,697</u>	<u>26,915</u>	<u>68,795</u>	<u>7,456</u>
Excess (deficiency) of receipts over disbursements	<u>(2,581)</u>	<u>(5,689)</u>	<u>(4,468)</u>	<u>11,303</u>	<u>(6,596)</u>	<u>(5,054)</u>	<u>4,989</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,581)</u>	<u>(5,689)</u>	<u>(4,468)</u>	<u>11,303</u>	<u>(6,596)</u>	<u>(5,054)</u>	<u>4,989</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ (5,689)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,054)</u>	<u>\$ -</u>

SOUTH 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)

	Tech Prep 2007-08	PLTW 2010-11	Tech Prep	PLTW 2009-10	Medicaid Reimbursement Federal	Other Federal Programs	Class Size Reduction
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (21,899)	\$ 13,694	\$ -	\$ 8,885
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	17,377	-	25,618	28,620	-	58,000
Other	-	-	-	-	-	-	-
Total receipts	-	17,377	-	25,618	28,620	-	58,000
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	64,298
Support services	-	31,299	-	3,719	28,413	-	2,588
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	31,299	-	3,719	28,413	-	66,886
Excess (deficiency) of receipts over disbursements	-	(13,922)	-	21,899	207	-	(8,886)
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	-	(13,922)	-	21,899	207	-	(8,886)
Cash and investments - ending	\$ -	\$ (13,922)	\$ -	\$ -	\$ 13,901	\$ -	\$ (1)

SOUTH 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(A) Class Reduction 2009-10	ITQ Enhanced Education Through Technology Title II, Part D	Title I Grants to LEAs	Special Education Part B	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ 14,149	\$ 34,546	\$ (161)	\$ -	\$ 9,556	\$ 4,583,290
Receipts:							
Local sources	-	-	-	-	-	-	6,109,845
Intermediate sources	-	-	-	-	-	-	104,760
State sources	-	-	-	-	-	-	12,076,491
Federal sources	26,413	-	23,798	56,209	-	-	1,167,708
Other	-	-	-	-	-	3,224,362	3,239,689
Total receipts	26,413	-	23,798	56,209	-	3,224,362	22,698,493
Disbursements:							
Current:							
Instruction	34,343	-	21,150	62,834	-	-	9,580,434
Support services	1,184	14,149	37,195	-	-	-	5,785,180
Noninstructional services	-	-	-	-	-	-	1,181,151
Facilities acquisition and construction	-	-	-	-	-	-	1,290,097
Debt services	-	-	-	-	-	-	1,700,613
Nonprogrammed charges	-	-	-	-	-	-	2,941
Interfund loans	-	-	-	-	-	3,218,631	3,218,631
Total disbursements	35,527	14,149	58,345	62,834	-	3,218,631	22,759,047
Excess (deficiency) of receipts over disbursements	(9,114)	(14,149)	(34,547)	(6,625)	-	5,731	(60,554)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	558,353
Transfers out	-	-	-	-	-	-	(571,386)
Total other financing sources (uses)	-	-	-	-	-	-	(13,033)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,114)	(14,149)	(34,547)	(6,625)	-	5,731	(73,587)
Cash and investments - ending	\$ (9,114)	\$ -	\$ (1)	\$ (6,786)	\$ -	\$ 15,287	\$ 4,509,703

SOUTH 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	School Lunch	Textbook Rental	PVETI 2011-12
Cash and investments - beginning	\$ 760,475	\$ 1,009,612	\$ 879,294	\$ 620,567	\$ 152,585	\$ 640,228	\$ 310,371	\$ (6)
Receipts:								
Local sources	45,195	1,603,830	1,951,876	808,985	193,873	407,605	121,634	709,130
Intermediate sources	1,842	-	-	-	-	-	-	-
State sources	11,626,849	-	-	-	-	10,906	76,289	-
Federal sources	-	-	-	-	-	592,238	-	-
Other	-	-	2,186	2,344	18,882	-	-	-
Total receipts	<u>11,673,886</u>	<u>1,603,830</u>	<u>1,954,062</u>	<u>811,329</u>	<u>212,755</u>	<u>1,010,749</u>	<u>197,923</u>	<u>709,130</u>
Disbursements:								
Current:								
Instruction	8,122,517	-	-	-	-	-	-	472,024
Support services	3,105,759	-	1,133,770	913,748	11,995	-	328,663	167,351
Noninstructional services	221,794	-	-	-	-	965,492	-	-
Facilities acquisition and construction	-	-	840,236	-	-	-	-	-
Debt services	-	1,709,431	-	-	-	-	-	-
Nonprogrammed charges	383	-	-	-	-	-	-	303
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>11,450,453</u>	<u>1,709,431</u>	<u>1,974,006</u>	<u>913,748</u>	<u>11,995</u>	<u>965,492</u>	<u>328,663</u>	<u>639,678</u>
Excess (deficiency) of receipts over disbursements	<u>223,433</u>	<u>(105,601)</u>	<u>(19,944)</u>	<u>(102,419)</u>	<u>200,760</u>	<u>45,257</u>	<u>(130,740)</u>	<u>69,452</u>
Other financing sources (uses):								
Sale of capital assets	3,000	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	474,050	44,235	29,154
Transfers out	-	-	-	-	-	(435,409)	(44,235)	-
Total other financing sources (uses)	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,641</u>	<u>-</u>	<u>29,154</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>226,433</u>	<u>(105,601)</u>	<u>(19,944)</u>	<u>(102,419)</u>	<u>200,760</u>	<u>83,898</u>	<u>(130,740)</u>	<u>98,606</u>
Cash and investments - ending	<u>\$ 986,908</u>	<u>\$ 904,011</u>	<u>\$ 859,350</u>	<u>\$ 518,148</u>	<u>\$ 353,345</u>	<u>\$ 724,126</u>	<u>\$ 179,631</u>	<u>\$ 98,600</u>

SOUTH 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)

	PVETI 2010-11	Educational License Plates	Alternative Education	Early Intervention Grant	ISU Professional Development 2007-12	Adult and Continuing Education	GED Workforce Development	Giacoletto Foundation
Cash and investments - beginning	\$ 35,451	\$ 282	\$ -	\$ 4,551	\$ 3,380	\$ (9,162)	\$ 12,625	\$ 6,032
Receipts:								
Local sources	82,434	-	-	-	-	-	-	16,060
Intermediate sources	-	375	-	-	-	-	-	-
State sources	-	-	4,278	8,000	-	36,606	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	82,434	375	4,278	8,000	-	36,606	-	16,060
Disbursements:								
Current:								
Instruction	61,494	581	-	6,194	-	46,050	3,902	280
Support services	27,248	-	-	-	363	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	13,178
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,360
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	88,742	581	-	6,194	363	46,050	3,902	15,818
Excess (deficiency) of receipts over disbursements	(6,308)	(206)	4,278	1,806	(363)	(9,444)	(3,902)	242
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	8,724	-	-
Transfers out	(29,154)	-	(4,278)	-	-	-	(8,724)	-
Total other financing sources (uses)	(29,154)	-	(4,278)	-	-	8,724	(8,724)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,462)	(206)	-	1,806	(363)	(720)	(12,626)	242
Cash and investments - ending	\$ (11)	\$ 76	\$ -	\$ 6,357	\$ 3,017	\$ (9,882)	\$ (1)	\$ 6,274

SOUTH 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)

	High Ability 2011-12	High Ability 2010-11	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants [IC 20-40-15]	Access Indiana	Wellnes Defined
Cash and investments - beginning	\$ -	\$ 5,542	\$ 458	\$ 41,028	\$ -	\$ 2,500	\$ 6,601
Receipts:							
Local sources	-	-	-	-	-	-	1,822
Intermediate sources	-	-	-	-	-	-	-
State sources	32,045	-	-	46,787	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>32,045</u>	<u>-</u>	<u>-</u>	<u>46,787</u>	<u>-</u>	<u>-</u>	<u>1,822</u>
Disbursements:							
Current:							
Instruction	27,621	-	-	-	-	-	-
Support services	-	5,541	-	-	-	-	1,852
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	51,141	-	2,500	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>27,621</u>	<u>5,541</u>	<u>-</u>	<u>51,141</u>	<u>-</u>	<u>2,500</u>	<u>1,852</u>
Excess (deficiency) of receipts over disbursements	<u>4,424</u>	<u>(5,541)</u>	<u>-</u>	<u>(4,354)</u>	<u>-</u>	<u>(2,500)</u>	<u>(30)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,424</u>	<u>(5,541)</u>	<u>-</u>	<u>(4,354)</u>	<u>-</u>	<u>(2,500)</u>	<u>(30)</u>
Cash and investments - ending	<u>\$ 4,424</u>	<u>\$ 1</u>	<u>\$ 458</u>	<u>\$ 36,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,571</u>

SOUTH 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)

	Alternative Suspension	Wilson Education Center 2010-11	School Security Center	Wilson Education Center 2011-12	Title 1 2010-11	Title 1 2011-12	Title I Improvement 2009-10
Cash and investments - beginning	\$ 11,769	\$ 47,982	\$ -	\$ 1	\$ (21,085)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	3,597	-	-	-
Intermediate sources	-	-	-	87,615	-	-	-
State sources	6,700	-	10,000	-	-	-	-
Federal sources	-	-	-	-	48,656	223,312	-
Other	-	-	-	-	-	-	-
Total receipts	<u>6,700</u>	<u>-</u>	<u>10,000</u>	<u>91,212</u>	<u>48,656</u>	<u>223,312</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	7,918	2,737	-	19,327	(11,626)	164,747	-
Support services	-	2,359	10,000	71,290	38,981	84,177	-
Noninstructional services	-	-	-	-	219	565	-
Facilities acquisition and construction	-	-	-	500	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>7,918</u>	<u>5,096</u>	<u>10,000</u>	<u>91,117</u>	<u>27,574</u>	<u>249,489</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,218)</u>	<u>(5,096)</u>	<u>-</u>	<u>95</u>	<u>21,082</u>	<u>(26,177)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	47,163	-	-	-
Transfers out	-	(42,885)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(42,885)</u>	<u>-</u>	<u>47,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,218)</u>	<u>(47,981)</u>	<u>-</u>	<u>47,258</u>	<u>21,082</u>	<u>(26,177)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,551</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 47,259</u>	<u>\$ (3)</u>	<u>\$ (26,177)</u>	<u>\$ -</u>

SOUTH 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)

	Adult Comp 2011-12	Adult Ed Comp 2010-11	Title IV Drug-Free 2009-10	ICIJ ASAP Program	Perkins 2009-10	Perkins 2010-11	Tech Prep Law
Cash and investments - beginning	\$ 1	\$ (5,689)	\$ -	\$ -	\$ -	\$ (5,054)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	18,348	10,524	-	-	42,020	9,933	-
Other	-	-	-	-	-	-	-
Total receipts	<u>18,348</u>	<u>10,524</u>	<u>-</u>	<u>-</u>	<u>42,020</u>	<u>9,933</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	5,786	1,632	-	5,000	53,385	4,880	-
Support services	18,048	3,206	-	-	3,098	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>23,834</u>	<u>4,838</u>	<u>-</u>	<u>5,000</u>	<u>56,483</u>	<u>4,880</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,486)</u>	<u>5,686</u>	<u>-</u>	<u>(5,000)</u>	<u>(14,463)</u>	<u>5,053</u>	<u>-</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,486)</u>	<u>5,686</u>	<u>-</u>	<u>(5,000)</u>	<u>(14,463)</u>	<u>5,053</u>	<u>-</u>
Cash and investments - ending	<u>\$ (5,485)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ (14,463)</u>	<u>\$ (1)</u>	<u>\$ -</u>

SOUTH 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)

	Tech Prep 2007-08	PLTW 2010-11	Tech Prep	PLTW 2009-10	Medicaid Reimbursement Federal	Other Federal Programs	Class Size Reduction
Cash and investments - beginning	\$ -	\$ (13,922)	\$ -	\$ -	\$ 13,901	\$ -	\$ (1)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	56,810	58,817	-	63,365	-	33,758
Other	-	-	-	-	-	-	-
Total receipts	-	56,810	58,817	-	63,365	-	33,758
Disbursements:							
Current:							
Instruction	2,085	-	-	-	-	611	37,953
Support services	-	42,888	58,817	-	54,873	-	2,265
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	2,085	42,888	58,817	-	54,873	611	40,218
Excess (deficiency) of receipts over disbursements	(2,085)	13,922	-	-	8,492	(611)	(6,460)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,085)	13,922	-	-	8,492	(611)	(6,460)
Cash and investments - ending	\$ (2,085)	\$ -	\$ -	\$ -	\$ 22,393	\$ (611)	\$ (6,461)

SOUTH 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) Class Reduction 2009-10	ITQ Enhanced Education Through Technology Title II, Part D	Title I Grants to LEAs	Special Education Part B	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (9,114)	\$ -	\$ (1)	\$ (6,786)	\$ -	\$ 15,287	\$ 4,509,703
Receipts:							
Local sources	-	-	-	-	-	-	5,946,041
Intermediate sources	-	-	-	-	-	-	89,832
State sources	-	-	-	-	-	-	11,858,460
Federal sources	59,379	-	2,082	30,712	270,236	-	1,520,190
Other	-	-	-	-	-	3,011,505	3,034,917
Total receipts	59,379	-	2,082	30,712	270,236	3,011,505	22,449,440
Disbursements:							
Current:							
Instruction	48,880	-	2,082	23,928	48,361	-	9,158,349
Support services	1,386	-	-	-	246,100	-	6,333,778
Noninstructional services	-	-	-	-	-	-	1,188,070
Facilities acquisition and construction	-	-	-	-	-	-	907,555
Debt services	-	-	-	-	-	-	1,709,431
Nonprogrammed charges	-	-	-	-	-	-	3,046
Interfund loans	-	-	-	-	-	2,978,438	2,978,438
Total disbursements	50,266	-	2,082	23,928	294,461	2,978,438	22,278,667
Excess (deficiency) of receipts over disbursements	9,113	-	-	6,784	(24,225)	33,067	170,773
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	3,000
Transfers in	-	-	-	-	-	-	603,326
Transfers out	-	-	-	-	-	-	(564,685)
Total other financing sources (uses)	-	-	-	-	-	-	41,641
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,113	-	-	6,784	(24,225)	33,067	212,414
Cash and investments - ending	\$ (1)	\$ -	\$ (1)	\$ (2)	\$ (24,225)	\$ 48,354	\$ 4,722,117

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
JUNE 30, 2012

<u>South Vermillion School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 366,361</u>	<u>\$ 74,434</u>

SOUTH 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:			
	General obligation bonds	\$ 8,940,000	\$ 1,713,971

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 JUNE 30, 2012

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

	Ending Balance
Governmental activities:	
Land	\$ 739,500
Infrastructure	-
Buildings	73,312,714
Improvements other than buildings	3,538,538
Machinery, equipment, and vehicles	7,414,260
Books and other	-
Total capital assets	\$ 85,005,012

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the school corporation related to financial transactions and reporting. We believe the following deficiency constitutes a significant deficiency:

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the school's audited financial statement and then determining how those identified risks should be managed. The South Vermillion Community School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements. Each year the School Corporation reports the textbook rental and school lunch receipts, disbursements and balances on their financial statement. At South Vermillion Community School Corporation textbook rental and school lunch records are maintained at the individual schools and not at the corporate office. The Business Manager uses the financial information provided by the schools when preparing the financial statement. During the process of incorporating the textbook rental and the school lunch information into the statement the following four errors were made:

1. The investments held by Central School and South Vermillion Middle School were omitted from the statement. This understated cash and investments by \$210,033.39 at June 30, 2011 and by \$144,250.13 at June 30, 2012.
2. Ernie Pyle Elementary School is designated to receive State and Federal lunch program distributions. They record the distributions as revenue when received and distribute the portion that should go to the other four schools. When these schools receive the transfer, they also list the receipt as revenue. This resulted in the School Lunch Fund receipts being overstated by \$436,192.37 in 2010-2011 and overstated by \$474,050.13 in 2011-2012.
3. South Vermillion High School is designated to receive the State textbook reimbursement distribution. They record the total distribution as a receipt, then transfer a portion to South Vermillion Middle School and Van Duyn Elementary School. When these schools receive the transfer, they also list the receipt as revenue. This resulted in receipts being overstated by \$28,536.05 in 2010-2011 and overstated by \$44,234.95 in 2011-2012 for the Textbook Rental Fund.
4. Federal school lunch program receipts totaling \$48,866.43 were at the corporate office at June 30, 2012. This distribution was not included as a receipt on the financial statement or in the ending cash balance at June 30, 2012, only the distributions made and redistributed to the individual schools were included in the statement.

Audit adjustments to correct these errors were proposed, accepted by the School Corporation, and made to the financial statement presented.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS (Applies to South Vermillion Middle School)

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances, due to the incorrect posting of the Investment Fund.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. Investment transactions and balances were not properly posted to the Investment Fund in the extra-curricular ledger. These errors included redeemed certificates of deposit not being recorded as a disbursement in the fund, and purchases of certificates of deposit not being recorded as a receipt in the fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FORM SA-5, FINANCIAL REPORT NOT FILED FOR SCHOOL YEAR 2011-12 (Applies to Central Elementary, Ernie Pyle Elementary, Van Duyn Elementary, and South Vermillion Middle School)

Extra-Curricular Financial Reports (Form SA-5) were not filed in the office of the Superintendent, nor were they presented to the School Board for review for the year 2011-12.

Indiana Code 20-41-1-3 states:

"(a) A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall:

- (1) keep an accurate account of all money received and expended, showing the:
 - (A) sources of all receipts;
 - (B) purposes for which the money was expended; and
 - (C) balance on hand; and
- (2) file a copy of the account with the township trustee, board of school trustees, or board of school commissioners within two (2) weeks after the close of each school year.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

(b) An account filed under subsection (a)(2) is a public record open to inspection by any interested person at any reasonable time during office hours."

Forms for making the report have been prescribed; they are Forms SA5-1, SA5-2, SA5-3 and SA5-4. The report shall be made in detail on the prescribed forms showing the source of all receipts, the purpose of all disbursements and the balance remaining in the fund of each activity. The SA forms shall be filed with the school board within two weeks after the close of each school year together with the records and files of the activities. Schools having two (2) or more semesters in any one school year are required to have the treasurer of such school file a copy of the financial report of receipts and disbursements within two (2) weeks after the close of each semester. The law also requires that a copy of the report shall be filed with the superintendent of schools. These records shall be permanent records for five years, after which time they may be destroyed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

South Vermillion Community School Corporation did not comply with directives of the Internal Revenue Service and the Indiana Department of Revenue. They did not withhold taxes from the salaries paid to the School Board members.

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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

Compliance

We have audited the South 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 its major federal program for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal program is 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 its major federal program 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 program for the period of July 1, 2010 to June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3.

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 program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and

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)

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

February 12, 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.

SOUTH 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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 146,383	\$ 150,702
National School Lunch Program	10.555		485,980	480,730
Summer Food Service Program for Children	10.559		<u>14,959</u>	<u>12,143</u>
Total for federal grantor agency			<u>647,322</u>	<u>643,575</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Vermillion County Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	09-JF-031	3,697	-
Pass-Through Indiana Criminal Justice Institute Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	09-JF-036	<u>-</u>	<u>5,000</u>
Total for federal grantor agency			<u>3,697</u>	<u>5,000</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			
		10-8020	39,781	-
		11-8020	231,468	27,574
		12-8020	<u>-</u>	<u>249,489</u>
Total for program			<u>271,249</u>	<u>277,063</u>
ARRA - Title I Grants To Local Educational Agencies, Recovery Act	84.389		<u>58,345</u>	<u>2,082</u>
Total for cluster			<u>329,594</u>	<u>279,145</u>
Educational Technology State Grants Cluster Education Technology State Grants	84.318		<u>14,149</u>	<u>-</u>
Pass-Through Covered Bridge Special Education District Special Education Cluster (IDEA) ARRA - Special Education - Grants To States, Recovery Act	84.391		<u>62,834</u>	<u>23,928</u>
Total for cluster			<u>62,834</u>	<u>23,928</u>
Pass-Through Indiana Department of Education Adult Education - Basic Grants to States	84.002		2,581	-
			32,395	4,838
			<u>-</u>	<u>23,834</u>
Total for program			<u>34,976</u>	<u>28,672</u>

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

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

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>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Department of Workforce Development				
Career and Technical Education - Basic Grants To States (Perkins IV)	84.048			
		10-4700-8020	26,915	-
		11-4700-8020	68,795	4,880
		12-4700-8020	-	56,483
Pass-Through Indiana Department of Education				
Career and Technical Education - Basic Grants To States (Perkins IV)	84.048	11-6200-8020	-	58,817
Total for program			<u>95,710</u>	<u>120,180</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	SY 2009-10	4,468	-
Tech-Prep Education	84.243			
		C1-10-TP-9a123	7,456	-
		FY 09-10	3,719	-
		A58-1-11-CI-083	31,299	42,888
			-	2,085
Total for program			<u>42,474</u>	<u>44,973</u>
Improving Teacher Quality State Grants	84.367			
		09-8020	66,886	-
		10-8020	35,527	50,266
		11-8020	-	40,218
Total for program			<u>102,413</u>	<u>90,484</u>
Education Jobs Fund	84.410		-	294,461
Total for federal grantor agency			<u>686,618</u>	<u>881,843</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education				
Medicaid Cluster				
Medical Assistance Program	93.778		21,382	42,404
Total for federal grantor agency			<u>21,382</u>	<u>42,404</u>
Total federal awards expended			<u>\$ 1,359,019</u>	<u>\$ 1,572,822</u>

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

SOUTH 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 South 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
School Breakfast Program	10.553	\$ 14,368	\$ 17,140
National School Lunch Program	10.555	46,687	56,034

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

the financial statement to prevent or detect material misstatements. Each year the School Corporation reports the textbook rental and school lunch receipts, disbursements and balances on their financial statement. At South Vermillion Community School Corporation textbook rental and school lunch records are maintained at the individual schools and not at the corporate office. The Business Manager uses the financial information provided by the schools when preparing the financial statement. During the process of incorporating the textbook rental and the school lunch information into the statement the following four errors were made:

1. The investments held by Central School and South Vermillion Middle School were omitted from the statement. This understated cash and investments by \$210,033.39 at June 30, 2011 and by \$144,250.13 at June 30, 2012.
2. Ernie Pyle Elementary School is designated to receive State and Federal lunch program distributions. They record the distributions as revenue when received and distribute the portion that should go to the other four schools. When these schools receive the transfer, they also list the receipt as revenue. This resulted in the School Lunch Fund receipts being overstated by \$436,192.37 in 2010-2011 and overstated by \$474,050.13 in 2011-2012.
3. South Vermillion High School is designated to receive the State textbook reimbursement distribution. They record the total distribution as a receipt, then transfer a portion to South Vermillion Middle School and Van Duyn Elementary School. When these schools receive the transfer, they also list the receipt as revenue. This resulted in receipts being overstated by \$28,536.05 in 2010-2011 and overstated by \$44,234.95 in 2011-2012 for the Textbook Rental Fund.
4. Federal school lunch program receipts totaling \$48,866.43 were at the corporate office at June 30, 2012. This distribution was not included as a receipt on the financial statement or in the ending cash balance at June 30, 2012, only the distributions made and redistributed to the individual schools were included in the statement.

Audit adjustments to correct these errors were proposed, accepted by the School Corporation, and made to the financial statement presented.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

Section III – Federal Award Findings and Questioned Costs

DEFICIENCIES IN MAJOR PROGRAM INTERNAL CONTROL - CHILD NUTRITION CLUSTER

FINDING 2012-2 - REPORTING

Federal Agency: U.S. Department of Agriculture

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

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2010-11 and FY 2011-12

Pass-Through Entity: Indiana Department of Education

The School Corporation filed an Annual Financial Report with the Indiana Department of Education after the close of each school year. Our review of the reports indicated the investment balances of the School Lunch Fund held at June 30, 2011 and June 30, 2012, were not reported in the total cash balances as required. In addition, the balance reported for the High School Lunch Fund as of June 30, 2011, did not agree with the record balance. The reported balances were understated for the years ended June 30, 2011 and June 30, 2012, by \$208,096 and \$144,224, respectively. Controls were not in place to verify the accuracy of the amounts reported in the Annual Financial Report.

The State Agency Sponsor Agreement for Child Nutrition Program states in part: "Program Administration. The Sponsor agrees to comply with all applicable laws, regulations, guidelines, and amendments thereto."

The Indiana Department of Education Sponsor Training Manual for School Nutrition Programs, Version 1.0, Chapter 9 states in part:

"At the end of each program year, each sponsor must submit an annual financial report that summarized its financial participation in the School Nutrition Program. This report requires your organization to provide total amounts for income and expenses, and requires you to provide and depreciation information."

OMB Circular A-133 Subpart C--Auditees section .300 Auditee responsibilities states: "The auditee shall: . . . c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

OMB Circular A-133 Subpart C--Auditees section .300 (b) states:

"The auditee shall: . . . Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop policies and procedures to ensure the accuracy of amounts submitted in required reports.

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

FINDING 2012-3 – ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, and 10.559
Federal Award Year: FY 2011-2012
Pass-Through Entity: Indiana Department of Education

The School Corporation had a Coordinated and Program Review of the programs in the Child Nutrition cluster conducted in December 2011 by the Indiana Department of Education. The review took place at South Vermillion High School and Van Duyn Elementary School. All of the 282 applications on file at the selected schools were reviewed to determine whether households provided required information and whether the School Corporation properly approved the applications. The review found that five free and reduced lunch applications were approved incorrectly and one application was missing.

As a result of not properly approving applications, students who were not eligible could receive free or reduced price meals, or students who were eligible could be incorrectly charged for their meals.

7CFR210.18(b)(2)(i) states in part: "Performance Standard 1--Certification/Counting/Claiming, 'all free, reduced-priced, and paid lunches claimed for reimbursement are served only to children eligible for free, reduced price and paid lunches, respectively; and counted, recorded, consolidated and reported.'"

OMB Circular A-133 section .300 (b) states: "The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation establish procedures and implement controls to ensure proper evaluation of school nutrition program applications.



South Vermillion Community School Corporation

800 W. Wildcat Drive, Clinton, IN 47842 ♦ 765.832.2426 ♦ FAX: 765.832.7391

www.svcs.k12.in.us

CORRECTIVE ACTION PLAN

SECTION II – Financial Statement Finding

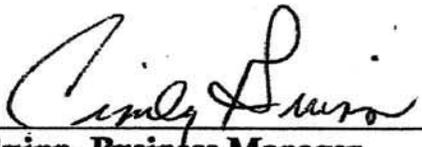
FEDERAL FINDING 2012-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

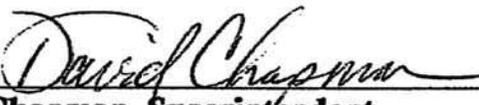
Auditee Contact Person: Cindy Guinn
Title of Contact Person: Business Manager
Phone Number: 765-832-2426

Briefly describe action to be taken to correct finding:

The reporting form for the cafeteria and textbook rental has been updated to reflect any outstanding investments at each school level. The form has also been revised to eliminate the overstating of revenue and expenditures when receipting and expending reimbursements. Samples are attached. This change will ensure that the proper amounts are reflected on South Vermillion's biannual Form 9.

For the period ending December 31, 2012 this procedure was utilized for correct Form 9 reporting.

Signed: 
Cindy Guinn, Business Manager

Signed: 
David Chapman, Superintendent

David Chapman, Superintendent

Jennifer Fossi
Director of Instructional Technology

Cindy Guinn
Business Manager

Dara Chezem
Curriculum, Instruction & Assessment

Kyla McKinney
Payroll/Personnel Specialist

BIANNUAL FINANCIAL REPORT

JAN 1 - JUN 30, 2013

SCHOOL:

SCHOOL LUNCH FUND

BEGINNING BALANCE		<u>\$100,000.00</u>
	<u>RECEIPTS</u>	
0800 1510 INTEREST ON INVESTMENTS	\$ 35.00	
0800 1611 STUDENT LUNCH PROGRAM	\$ 56,000.00	
0800 1612 STUDENT BREAKFAST PROGRAM	\$ 12,500.00	
0800 1621 ADULT SALES	\$ 6,500.00	
0800 1630 OTHER - DETAILS BELOW	\$ 86,000.00	
Specify:		
0800 1650 SUMMER FOOD PROGRAM	\$ 5,000.00	
0800 3151 SCHOOL FOOD (STATE) SCHOOL SHARE ONLY**	\$ 3,000.00	
0800 4291 LUNCH REIMBURSEMENT (FEDERAL) SCHOOL SHARE ONLY**	\$ 72,000.00	
0800 4292 BREAKFAST REIMBURSEMENT - SCHOOL SHARE ONLY**	\$ 36,000.00	
<i>TRANSFERS IN FROM CORPORATION/OTHER SCHOOLS</i>	\$ 50,000.00	
TOTAL RECEIPTS	\$ 327,035.00	
	<u>EXPENDITURES</u>	
0800 31200 120 FOOD PREPARATION	\$ 65,000.00	
0800 31200 211 SOCIAL SECURITY	\$ 8,000.00	
0800 31200 214 PERF	\$ 7,000.00	
0800 31200 221 LIFE INSURANCE	\$ 240.00	
0800 31200 222 HEALTH INSURANCE	\$ 12,000.00	
0800 31200 223 DISABILITY INSURANCE	\$ 300.00	
0800 31200 240 MATCHING ANNUITY	\$ 800.00	
0800 31400 614 FOOD PURCHASES	\$ 58,000.00	
0800 31900 615 OTHER -DETAILS BELOW	\$ 70,000.00	
Specify:		
<i>TRANSFERS OUT TO SCHOOLS</i>	\$ 25,000.00	
TOTAL EXPENDITURES	\$ 246,340.00	
ENDING BALANCE		<u>\$180,695.00</u>
0800 60300 920 <i>INVESTMENTS - OUTSTANDING</i>		



CORRECTIVE ACTION PLAN

SECTION III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: Federal Programs: School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, and 10.559
Federal Award Year: FY 2010-11 and FY 2011-12
Auditee Contact Person: Stephanie Farrington
Title of Contact Person: Food Service Director
Phone Number: 765-832-7718

Briefly describe action to be taken to correct finding:

Certificates of deposit will be included on future annual reports correcting the funds that are understated. I will also have each treasurer send me their SA-6 (Fund Account Ledger) for the July 1 - June 30 school year, as well as other supporting documents they use to complete their annual report. This will ensure the accuracy of amounts submitted on the annual reports.

Signed: Stephanie Farrington
Stephanie Farrington, Food Service Director

Signed: David Chapman
David Chapman, Superintendent

David Chapman, Superintendent

Jennifer Fossi
Director of Instructional Technology
Cindy Guinn
Business Manager

Dara Chezem
Curriculum, Instruction & Assessment
Kyla McKinney
Payroll/Personnel Specialist



CORRECTIVE ACTION PLAN

SECTION III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: Federal Programs: School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children
CFDA Number: 10.553, 10.555 and 10.559
Federal Award Year: FY 2011-12
Auditee Contact Person: Stephanie Farrington
Title of Contact Person: Food Service Director
Phone Number: 765-832-7718

Briefly describe action to be taken to correct finding:

All applications will be entered in Harmony. Harmony calculates the information to determine the textbook/lunch status (free, reduced or pay). I manually calculate the information on the applications using an adding machine to ensure what I entered in Harmony agrees with what is on the application.

Signed: Stephanie Farrington
Stephanie Farrington, Food Service Director

Signed: David Chapman
David Chapman, Superintendent

David Chapman, Superintendent

Jennifer Fossi
Director of Instructional Technology
Cindy Guinn
Business Manager

Dara Chezem
Curriculum, Instruction & Assessment
Kyla McKinney
Payroll/Personnel Specialist

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2013, with David A. Chapman, Superintendent of Schools; Cindy Guinn, Business Manager/Treasurer; Kyla McKinney, Payroll-Personnel Specialist; Bruce West, President of the School Board; and Larry J. Cuel, School Board member. The officials concurred with our audit findings.

The Extra-Curricular comments of this report were discussed on February 12, 2013, with the Principals and Extra-Curricular Treasurers listed below:

Ryan P. Jenkins, Central School Principal
Kimberly M. Bryant, Central School Treasurer
Ronda Foster, Ernie Pyle School Principal
Stephanie Farrington, Ernie Pyle School Treasurer
John Scioldo, Van Duyn School Principal
Donna Guinn, Van Duyn School Treasurer
Angela M. Harris, South Vermillion Middle School Principal
Marian Adams, South Vermillion Middle School Treasurer
Barbara K. Payton, South Vermillion High School Principal
Betty Jo Howard, South Vermillion High School Treasurer