

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

AUDIT REPORT
OF

MOUNT VERNON COMMUNITY
SCHOOL CORPORATION
HANCOCK COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED
06/15/2009

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SCHEDULE OF OFFICIALS

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



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 14, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

STATE BOARD OF ACCOUNTS

May 14, 2009



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated May 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

May 14, 2009

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 14,355,444	\$ -	\$ 91,283	\$ (14,264,161)
Support services	9,834,449	1,177,787	223,168	(8,433,494)
Community services	261,175	-	-	(261,175)
Nonprogrammed charges	4,629,504	3,196,225	-	(1,433,279)
Debt service	<u>8,581,618</u>	<u>-</u>	<u>-</u>	<u>(8,581,618)</u>
Total governmental activities	<u>\$ 37,662,190</u>	<u>\$ 4,374,012</u>	<u>\$ 314,451</u>	<u>(32,973,727)</u>
General receipts:				
Property taxes				8,484,890
Other local sources				1,828,518
State aid				10,238,689
Bonds and loans				5,949,559
Grants and contributions not restricted to specific programs				362,962
Sale of property, adjustments, and refunds				206
Investment earnings				<u>367,043</u>
Total general receipts				<u>27,231,867</u>
Change in net assets				(5,741,860)
Net assets - beginning, restated				<u>6,294,361</u>
Net assets - ending				<u>\$ 552,501</u>
<u>Assets</u>				
Cash and investments				\$ 388,320
Restricted assets:				
Cash and investments				<u>164,181</u>
Total assets				<u>\$ 552,501</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 123,021
Other purposes				41,160
Unrestricted				<u>388,320</u>
Total net assets				<u>\$ 552,501</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 15,523,799	\$ -	\$ 173,518	\$ (15,350,281)
Support services	10,897,092	1,292,196	354,950	(9,249,946)
Community services	272,282	-	-	(272,282)
Nonprogrammed charges	4,405,159	3,564,033	-	(841,126)
Debt service	<u>12,357,195</u>	<u>-</u>	<u>-</u>	<u>(12,357,195)</u>
Total governmental activities	<u>\$ 43,455,527</u>	<u>\$ 4,856,229</u>	<u>\$ 528,468</u>	<u>(38,070,830)</u>
General receipts:				
Property taxes				14,806,715
Other local sources				3,710,209
State aid				11,008,101
Bonds and loans				7,334,972
Grants and contributions not restricted to specific programs				340,530
Sale of property, adjustments, and refunds				193,031
Investment earnings				<u>123,865</u>
Total general receipts				<u>37,517,423</u>
Change in net assets				(553,407)
Net assets - beginning				<u>552,501</u>
Net assets - ending				<u>\$ (906)</u>
<u>Assets</u>				
Cash and investments				\$ (586,800)
Restricted assets:				
Cash and investments				<u>585,894</u>
Total assets				<u>\$ (906)</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 229,832
Other purposes				356,062
Unrestricted				<u>(586,800)</u>
Total net assets				<u>\$ (906)</u>

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,183,416	\$ 655,494	\$ -	\$ 2,865,459	\$ 1,528,773	\$ 173,991	\$ 1,447,755	\$ 11,854,888
Intermediate sources	150	-	-	-	-	-	1,875	2,025
State sources	10,271,857	-	-	-	-	-	261,306	10,533,163
Federal sources	8,295	-	-	-	-	-	374,644	382,939
Bonds and loans	3,701,418	-	-	1,943,636	304,505	-	-	5,949,559
Sale of property, adjustments and refunds	206	-	-	-	-	-	-	206
Total receipts	19,165,342	655,494	-	4,809,095	1,833,278	173,991	2,085,580	28,722,780
Disbursements:								
Current:								
Instruction	13,782,882	-	350,000	-	-	-	222,562	14,355,444
Support services	4,833,070	1,087,069	-	14,904	2,222,250	10,480	1,666,676	9,834,449
Community services	259,284	-	-	-	-	-	1,891	261,175
Nonprogrammed charges	818,301	-	338,945	-	-	-	166,047	1,323,293
Debt services	2,226,549	-	-	5,409,046	561,283	-	384,740	8,581,618
Total disbursements	21,920,086	1,087,069	688,945	5,423,950	2,783,533	10,480	2,441,916	34,355,979
Excess (deficiency) of receipts over disbursements	(2,754,744)	(431,575)	(688,945)	(614,855)	(950,255)	163,511	(356,336)	(5,633,199)
Other financing sources (uses):								
Transfers in	20,512	-	650,000	-	-	-	-	670,512
Transfers out	-	-	-	-	(650,000)	-	(20,512)	(670,512)
Total other financing sources (uses)	20,512	-	650,000	-	(650,000)	-	(20,512)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,734,232)	(431,575)	(38,945)	(614,855)	(1,600,255)	163,511	(376,848)	(5,633,199)
Cash and investments - beginning, restated	2,458,378	114	349,625	964,635	2,239,539	(11,025)	143,274	6,144,540
Cash and investments - ending	<u>\$ (275,854)</u>	<u>\$ (431,461)</u>	<u>\$ 310,680</u>	<u>\$ 349,780</u>	<u>\$ 639,284</u>	<u>\$ 152,486</u>	<u>\$ (233,574)</u>	511,341
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								41,160
Net assets of governmental activities								<u>\$ 552,501</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ (275,854)	\$ (431,461)	\$ 310,680	\$ -	\$ 639,284	\$ 152,486	\$ (6,815)	\$ 388,320
Restricted assets:								
Cash and investments	-	-	-	349,780	-	-	(226,759)	123,021
Total cash and investment assets - ending	<u>\$ (275,854)</u>	<u>\$ (431,461)</u>	<u>\$ 310,680</u>	<u>\$ 349,780</u>	<u>\$ 639,284</u>	<u>\$ 152,486</u>	<u>\$ (233,574)</u>	<u>\$ 511,341</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 349,780	\$ -	\$ -	\$ (226,759)	\$ 123,021
Unrestricted	(275,854)	(431,461)	310,680	-	639,284	152,486	(6,815)	388,320
Total cash and investment fund balance - ending	<u>\$ (275,854)</u>	<u>\$ (431,461)</u>	<u>\$ 310,680</u>	<u>\$ 349,780</u>	<u>\$ 639,284</u>	<u>\$ 152,486</u>	<u>\$ (233,574)</u>	<u>\$ 511,341</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 7,792,613	\$ 1,197,559	\$ -	\$ 5,321,423	\$ 3,363,215	\$ 290,746	\$ 1,964,828	\$ 19,930,384
Intermediate sources	75	-	-	-	-	-	1,200	1,275
State sources	11,092,244	-	-	-	-	-	328,625	11,420,869
Federal sources	-	-	-	-	-	-	456,230	456,230
Bonds and loans	4,615,987	-	-	2,718,985	-	-	-	7,334,972
Sale of property, adjustments and refunds	1,359	2,877	-	-	-	-	568	4,804
Total receipts	23,502,278	1,200,436	-	8,040,408	3,363,215	290,746	2,751,451	39,148,534
Disbursements:								
Current:								
Instruction	14,858,364	-	400,000	-	-	-	265,435	15,523,799
Support services	4,669,173	1,215,256	-	-	2,926,460	307,086	1,779,117	10,897,092
Community services	272,112	-	-	-	-	-	170	272,282
Nonprogrammed charges	472,749	-	302,601	-	-	-	191,125	966,475
Debt services	3,614,150	-	-	7,926,154	304,505	-	512,386	12,357,195
Total disbursements	23,886,548	1,215,256	702,601	7,926,154	3,230,965	307,086	2,748,233	40,016,843
Excess (deficiency) of receipts over disbursements	(384,270)	(14,820)	(702,601)	114,254	132,250	(16,340)	3,218	(868,309)
Other financing sources (uses):								
Transfers in	-	-	400,000	-	-	-	42,126	442,126
Transfers out	-	-	-	-	(400,000)	-	(42,126)	(442,126)
Total other financing sources (uses)	-	-	400,000	-	(400,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(384,270)	(14,820)	(302,601)	114,254	(267,750)	(16,340)	3,218	(868,309)
Cash and investments - beginning	(275,854)	(431,461)	310,680	349,780	639,284	152,486	(233,574)	511,341
Cash and investments - ending	<u>\$ (660,124)</u>	<u>\$ (446,281)</u>	<u>\$ 8,079</u>	<u>\$ 464,034</u>	<u>\$ 371,534</u>	<u>\$ 136,146</u>	<u>\$ (230,356)</u>	<u>(356,968)</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								356,062
Net assets of governmental activities								<u>\$ (906)</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ (660,124)	\$ (446,281)	\$ 8,079	\$ -	\$ 371,534	\$ 136,146	\$ 3,846	\$ (586,800)
Restricted assets:								
Cash and investments	-	-	-	464,034	-	-	(234,202)	229,832
Total cash and investment assets - ending	<u>\$ (660,124)</u>	<u>\$ (446,281)</u>	<u>\$ 8,079</u>	<u>\$ 464,034</u>	<u>\$ 371,534</u>	<u>\$ 136,146</u>	<u>\$ (230,356)</u>	<u>\$ (356,968)</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 464,034	\$ -	\$ -	\$ (234,202)	\$ 229,832
Unrestricted	(660,124)	(446,281)	8,079	-	371,534	136,146	3,846	(586,800)
Total cash and investment fund balance - ending	<u>\$ (660,124)</u>	<u>\$ (446,281)</u>	<u>\$ 8,079</u>	<u>\$ 464,034</u>	<u>\$ 371,534</u>	<u>\$ 136,146</u>	<u>\$ (230,356)</u>	<u>\$ (356,968)</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 3,196,225
Miscellaneous	<u>1,325</u>
Total operating receipts	<u>3,197,550</u>
Operating disbursements:	
Insurance claims and expense	<u>3,306,211</u>
Deficiency of operating receipts over operating disbursements	<u>(108,661)</u>
Change in net assets	(108,661)
Cash and investment fund balance - beginning	<u>149,821</u>
Cash and investment fund balance - ending	<u>\$ 41,160</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 41,160</u>
Total cash and investment assets - ending	<u>\$ 41,160</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 41,160</u>
Total cash and investment fund balance - ending	<u>\$ 41,160</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2008

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 3,564,033
Miscellaneous	<u>189,553</u>
Total operating receipts	<u>3,753,586</u>
Operating disbursements:	
Insurance claims and expense	1,392,944
Other	<u>2,045,740</u>
Total operating disbursements	<u>3,438,684</u>
Excess of operating receipts over operating disbursements	<u>314,902</u>
Change in net assets	314,902
Cash and investment fund balance - beginning	<u>41,160</u>
Cash and investment fund balance - ending	<u>\$ 356,062</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 356,062</u>
Total cash and investment assets - ending	<u>\$ 356,062</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 356,062</u>
Total cash and investment fund balance - ending	<u>\$ 356,062</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 94,177	
Investment earnings:			
Interest	-	208	
Total additions	-	94,385	
Deductions:			
Benefits	239,057	-	
Administrative and general	106,354	281,313	
Total deductions	345,411	281,313	
Excess (deficiency) of total additions over total deductions	(345,411)	(186,928)	
Cash and investment fund balance - beginning, restated	4,803,491	349,028	
Cash and investment fund balance - ending	\$ 4,458,080	\$ 162,100	\$ 119,780
Net assets:			
Cash and investments	\$ 4,458,080	\$ 162,100	
Total net assets - cash and investment basis held in trust	\$ 4,458,080	\$ 162,100	

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 127,036	
Investment earnings:			
Interest	-	251	
Total additions	-	127,287	
Deductions:			
Benefits	224,653	-	
Administrative and general	-	255,208	
Total deductions	224,653	255,208	
Excess (deficiency) of total additions over total deductions	(224,653)	(127,921)	
Cash and investment fund balance - beginning	4,458,080	162,100	
Cash and investment fund balance - ending	\$ 4,233,427	\$ 34,179	\$ 122,868
Net assets:			
Cash and investments	\$ 4,233,427	\$ 34,179	
Total net assets - cash and investment basis held in trust	\$ 4,233,427	\$ 34,179	

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Mount Vernon Community School Corporation

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

Joint Venture

The School Corporation is a participant with 45 other school corporations in a joint venture to operate East Central Educational Service Center (Service Center) which was created to increase the school corporations buying power when purchasing services, materials, supplies, and equipment. The School Corporation is obligated by contract to remit an amount per student as a membership fee, annually. The School Corporation paid \$13,185 and \$13,056 to the Service Center in the 2006-2007 and 2007-2008 school years, respectively. The Service Center uses its surplus resources to undertake special projects for the participants. The Service Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Service Center can be obtained from the East Central Educational Services Center, 1601 Indiana Avenue, Connersville, IN 47331.

The School Corporation is a participant with Greenfield-Central Community School Corporation, Community School Corporation of Eastern Hancock County, Community School Corporation of Southern Hancock County, and South Madison Community School Corporation in a joint venture to operate the Hancock-South Madison Joint Services (Co-Op) which was created to provide instruction for handicapped children. The Co-Op's continued existence depends on continued funding by the School Corporation. Funding is determined by the Special Education Pupil Count for each participating school corporation. Complete financial statements for the Co-Op can be obtained from the administrative offices of the Hancock-South Madison Joint Services Co-Op, 110 West North Street, Greenfield, IN 46140.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

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

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and the locally adopted resolution.

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

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

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

Additionally, the School Corporation reports the following fund types:

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

The pension trust fund accounts for the activities of the retirement/severance bond fund which accumulates resources for pension benefit payments.

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

Agency funds account for assets held by the School Corporation as an agent for parties and serve as a control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

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

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
General	\$ 275,854	\$ 660,124
Transportation Operating	431,461	446,281
Food Service	12,234	69,377
Book Rental	203,782	78,897
Retirement Severance Bond/DS	226,759	234,202

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the timing of property tax distributions; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2008, the School Corporation had deposit balances in the amount of \$4,389,564.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Capital Projects	Rainy Day	650,000	400,000
Other governmental	General	20,512	-
	Other governmental	-	42,126
Totals		\$ 670,512	\$ 442,126

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

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Fund reclassifications represent items that were shown in the prior period financial statements incorrectly. Fund reclassifications are as follows:

Opinion Unit	Balance as Reported June 31, 2006	Fund Reclassification	Balance as Restated July 1, 2007
Government wide	\$ 6,643,389	\$ (349,028)	\$ 6,294,361
Governmental - other governmental funds	6,493,568	(349,028)	6,144,540
Private purpose trust funds	-	349,028	349,028

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an Internal Service Fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$55,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

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

B. Holding Corporation

The School Corporation has entered into a capital lease with Mount Vernon of Hancock County Multi-School Building Corporation and the Mount Vernon Community School Corporation School Building Corporation (the lessor). The lessors were organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the audit period totaled \$7,263,228 and \$2,958,730, respectfully.

C. Pension Plans

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

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 188,791
Interest on net pension obligation	(13,762)
Adjustment to annual required contribution	15,683
Annual pension cost	190,712
Contributions made	222,640
Increase (decrease) in net pension obligation	(31,928)
Net pension obligation, beginning of year	(189,821)
Net pension obligation, end of year	\$ (221,749)

	PERF
Contribution rates:	
School Corporation	7.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 141,448	114%	\$ (155,177)
	06-30-07	158,652	122%	(189,821)
	06-30-08	190,712	117%	(221,749)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$495,215, \$429,019, and \$604,477, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,787,445	\$ 2,092,357	\$ (304,912)	85%	\$ 2,090,505	(15%)
07-01-07	1,993,518	2,342,155	(348,637)	85%	2,474,945	(14%)
07-01-08	2,258,378	2,608,463	(350,085)	87%	2,842,741	(12%)

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

	Special Ed Preschool	Food Service	Book Rental	Education License Plate	School Safe Haven	G/T FY 06	G/T FY 07
Receipts:							
Local sources	\$ 12,654	\$ 952,947	\$ 270,564	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,875	-	-	-
State sources	175,493	-	21,248	-	6,450	-	15,842
Federal sources	-	193,625	-	-	-	-	-
Total receipts	188,147	1,146,572	291,812	1,875	6,450	-	15,842
Disbursements:							
Current:							
Instruction	15,990	-	-	2,100	-	5,103	5,477
Support services	-	1,246,737	316,481	-	2,443	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	166,047	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	182,037	1,246,737	316,481	2,100	2,443	5,103	5,477
Excess (deficiency) of receipts over disbursements	6,110	(100,165)	(24,669)	(225)	4,007	(5,103)	10,365
Other financing sources (uses):							
Transfers out	(20,512)	-	-	-	-	-	-
Total other financing sources (uses)	(20,512)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,402)	(100,165)	(24,669)	(225)	4,007	(5,103)	10,365
Cash and investments - beginning	26,532	87,931	(179,113)	3,514	-	5,103	-
Cash and investments - ending	\$ 12,130	\$ (12,234)	\$ (203,782)	\$ 3,289	\$ 4,007	\$ -	\$ 10,365
Cash and Investment Assets - Ending							
Cash and investments	\$ 12,130	\$ (12,234)	\$ (203,782)	\$ 3,289	\$ 4,007	\$ -	\$ 10,365
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 12,130	\$ (12,234)	\$ (203,782)	\$ 3,289	\$ 4,007	\$ -	\$ 10,365
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	12,130	(12,234)	(203,782)	3,289	4,007	-	10,365
Total cash and investment fund balance - ending	\$ 12,130	\$ (12,234)	\$ (203,782)	\$ 3,289	\$ 4,007	\$ -	\$ 10,365

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

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

	Non-English Speaking Prog	Tech Planning Grant 1999-2003	JUMP Kids Jump Grant/MES	Professional Development Grant	Title I FY 06	Title I FY 07	Title V Part A, 04-05
Receipts:							
Local sources	\$ -	\$ 28,458	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	489	-	-	41,784	-	-	-
Federal sources	-	-	-	-	8,467	82,091	-
Total receipts	489	28,458	-	41,784	8,467	82,091	-
Disbursements:							
Current:							
Instruction	-	-	269	19,000	18,496	76,764	-
Support services	-	7,461	-	-	1,400	50	6,763
Community services	-	-	-	-	900	991	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	7,461	269	19,000	20,796	77,805	6,763
Excess (deficiency) of receipts over disbursements	489	20,997	(269)	22,784	(12,329)	4,286	(6,763)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	489	20,997	(269)	22,784	(12,329)	4,286	(6,763)
Cash and investments - beginning	745	6,949	269	13,380	12,329	-	6,763
Cash and investments - ending	\$ 1,234	\$ 27,946	\$ -	\$ 36,164	\$ -	\$ 4,286	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,234	\$ 27,946	\$ -	\$ 36,164	\$ -	\$ 4,286	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,234	\$ 27,946	\$ -	\$ 36,164	\$ -	\$ 4,286	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,234	27,946	-	36,164	-	4,286	-
Total cash and investment fund balance - ending	\$ 1,234	\$ 27,946	\$ -	\$ 36,164	\$ -	\$ 4,286	\$ -

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

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

	Title V Part A, 05-06	Title V Part A, 06-07	Title IV, Part A Drug Free Schools	Title IV Part A, 05-06	Title IV Part A, 06-07	Title II, Part D Enhanced Ed Tech	Title III Lang Minority
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	4,238	8,410	-	6,835	-	14,257
Total receipts	-	4,238	8,410	-	6,835	-	14,257
Disbursements:							
Current:							
Instruction	-	-	7,338	399	-	-	5,502
Support services	6,391	1,879	1,072	2,180	-	1,746	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	6,391	1,879	8,410	2,579	-	1,746	5,502
Excess (deficiency) of receipts over disbursements	(6,391)	2,359	-	(2,579)	6,835	(1,746)	8,755
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,391)	2,359	-	(2,579)	6,835	(1,746)	8,755
Cash and investments - beginning	6,838	-	-	8,206	-	1,746	-
Cash and investments - ending	\$ 447	\$ 2,359	\$ -	\$ 5,627	\$ 6,835	\$ -	\$ 8,755
Cash and Investment Assets - Ending							
Cash and investments	\$ 447	\$ 2,359	\$ -	\$ 5,627	\$ 6,835	\$ -	\$ 8,755
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 447	\$ 2,359	\$ -	\$ 5,627	\$ 6,835	\$ -	\$ 8,755
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	447	2,359	-	5,627	6,835	-	8,755
Total cash and investment fund balance - ending	\$ 447	\$ 2,359	\$ -	\$ 5,627	\$ 6,835	\$ -	\$ 8,755

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

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

	Title II, Part A 2004-05	Title II, Part A 2005-06	Title II, Part A 06-07, CLS RED	Retirement Severance Bond/DS	Construction MVHS 92-94 Project	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 159,338	\$ 23,794	\$ 1,447,755
Intermediate sources	-	-	-	-	-	1,875
State sources	-	-	-	-	-	261,306
Federal sources	-	-	56,721	-	-	374,644
Total receipts	-	-	56,721	159,338	23,794	2,085,580
Disbursements:						
Current:						
Instruction	40,059	26,065	-	-	-	222,562
Support services	-	8,949	-	-	63,124	1,666,676
Community services	-	-	-	-	-	1,891
Nonprogrammed charges	-	-	-	-	-	166,047
Debt services	-	-	-	384,740	-	384,740
Total disbursements	40,059	35,014	-	384,740	63,124	2,441,916
Excess (deficiency) of receipts over disbursements	(40,059)	(35,014)	56,721	(225,402)	(39,330)	(356,336)
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(20,512)
Total other financing sources (uses)	-	-	-	-	-	(20,512)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(40,059)	(35,014)	56,721	(225,402)	(39,330)	(376,848)
Cash and investments - beginning	49,869	36,494	-	(1,357)	57,076	143,274
Cash and investments - ending	\$ 9,810	\$ 1,480	\$ 56,721	\$ (226,759)	\$ 17,746	\$ (233,574)
Cash and Investment Assets - Ending						
Cash and investments	\$ 9,810	\$ 1,480	\$ 56,721	\$ -	\$ 17,746	\$ (6,815)
Restricted assets:						
Cash and investments	-	-	-	(226,759)	-	(226,759)
Total cash and investment assets - ending	\$ 9,810	\$ 1,480	\$ 56,721	\$ (226,759)	\$ 17,746	\$ (233,574)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ (226,759)	\$ -	\$ (226,759)
Unrestricted	9,810	1,480	56,721	-	17,746	(6,815)
Total cash and investment fund balance - ending	\$ 9,810	\$ 1,480	\$ 56,721	\$ (226,759)	\$ 17,746	\$ (233,574)

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Ed Preschool	Food Service	Book Rental	Education License Plate	School Safe Haven	G/T FY 07
Receipts:						
Local sources	\$ 22,191	\$ 1,061,294	\$ 272,031	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,200	-	-
State sources	169,851	20,760	41,357	-	7,282	-
Federal sources	-	292,833	-	-	-	-
Sale of property, adjustments and refunds	-	568	-	-	-	-
Total receipts	192,042	1,375,455	313,388	1,200	7,282	-
Disbursements:						
Current:						
Instruction	20,247	-	-	600	-	9,462
Support services	-	1,432,598	188,503	-	11,289	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	191,125	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	211,372	1,432,598	188,503	600	11,289	9,462
Excess (deficiency) of receipts over disbursements	(19,330)	(57,143)	124,885	600	(4,007)	(9,462)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(903)
Total other financing sources (uses)	-	-	-	-	-	(903)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,330)	(57,143)	124,885	600	(4,007)	(10,365)
Cash and investments - beginning	12,130	(12,234)	(203,782)	3,289	4,007	10,365
Cash and investments - ending	\$ (7,200)	\$ (69,377)	\$ (78,897)	\$ 3,889	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ (7,200)	\$ (69,377)	\$ (78,897)	\$ 3,889	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (7,200)	\$ (69,377)	\$ (78,897)	\$ 3,889	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(7,200)	(69,377)	(78,897)	3,889	-	-
Total cash and investment fund balance - ending	\$ (7,200)	\$ (69,377)	\$ (78,897)	\$ 3,889	\$ -	\$ -

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	G/T High Ability	PERF Award 96-97	Tech Planning Grant 1999-2003	JUMP Kids Jump Grant/MES	Professional Development Grant	Title I - 08
Receipts:						
Local sources	\$ -	\$ -	\$ 16,991	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	40,638	7,136	-	26,601	15,000	-
Federal sources	-	-	-	-	-	57,000
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	40,638	7,136	16,991	26,601	15,000	57,000
Disbursements:						
Current:						
Instruction	8,394	100	-	23,992	17,164	57,925
Support services	-	-	9,603	-	-	-
Community services	-	-	-	-	-	170
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	8,394	100	9,603	23,992	17,164	58,095
Excess (deficiency) of receipts over disbursements	32,244	7,036	7,388	2,609	(2,164)	(1,095)
Other financing sources (uses):						
Transfers in	903	-	-	34,000	-	(565)
Transfers out	-	-	-	-	(34,000)	-
Total other financing sources (uses)	903	-	-	34,000	(34,000)	(565)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,147	7,036	7,388	36,609	(36,164)	(1,660)
Cash and investments - beginning	-	1,234	27,946	-	36,164	-
Cash and investments - ending	\$ 33,147	\$ 8,270	\$ 35,334	\$ 36,609	\$ -	\$ (1,660)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 33,147	\$ 8,270	\$ 35,334	\$ 36,609	\$ -	\$ (1,660)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 33,147	\$ 8,270	\$ 35,334	\$ 36,609	\$ -	\$ (1,660)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	33,147	8,270	35,334	36,609	-	(1,660)
Total cash and investment fund balance - ending	\$ 33,147	\$ 8,270	\$ 35,334	\$ 36,609	\$ -	\$ (1,660)

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title I FY 07	Title I FY 08	Title V Part A, 05-06	Title V Part A, 05-06	Title V Part A, 06-07	Title IV, Part A Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	8,000	40,042	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,000	40,042	-	-	-	-
Disbursements:						
Current:						
Instruction	12,286	40,607	-	-	-	-
Support services	-	-	109	447	1,544	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	12,286	40,607	109	447	1,544	-
Excess (deficiency) of receipts over disbursements	(4,286)	(565)	(109)	(447)	(1,544)	-
Other financing sources (uses):						
Transfers in	-	-	815	-	-	5,501
Transfers out	-	565	-	-	(815)	-
Total other financing sources (uses)	-	565	815	-	(815)	5,501
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,286)	-	706	(447)	(2,359)	5,501
Cash and investments - beginning	4,286	-	-	447	2,359	-
Cash and investments - ending	\$ -	\$ -	\$ 706	\$ -	\$ -	\$ 5,501
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 706	\$ -	\$ -	\$ 5,501
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 706	\$ -	\$ -	\$ 5,501
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	706	-	-	5,501
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 706	\$ -	\$ -	\$ 5,501

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title IV Part A, 05-06	Title IV Part A, 06-07	Title II, Part D Enhanced Ed Tech	Title III Lang Minority	Title II, Part A 2004-05	Title III: Lang Minority
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	5,627	1,334	-	4,131	3,825	1,480
Support services	-	-	-	-	5,985	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	5,627	1,334	-	4,131	9,810	1,480
Excess (deficiency) of receipts over disbursements	(5,627)	(1,334)	-	(4,131)	(9,810)	(1,480)
Other financing sources (uses):						
Transfers in	-	-	4,624	-	-	-
Transfers out	-	(5,501)	-	(4,624)	-	-
Total other financing sources (uses)	-	(5,501)	4,624	(4,624)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,627)	(6,835)	4,624	(8,755)	(9,810)	(1,480)
Cash and investments - beginning	5,627	6,835	-	8,755	9,810	1,480
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 4,624	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	4,624	-	-	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II, Part A 06-07, CLS RED	T2; Impv Tchg; CLS RED. PROF	Retirement Severance Bond/DS	Construction	Construction MVHS 92-94 Project	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 504,943	\$ 30,894	\$ 56,484	\$ 1,964,828
Intermediate sources	-	-	-	-	-	1,200
State sources	-	-	-	-	-	328,625
Federal sources	-	58,355	-	-	-	456,230
Sale of property, adjustments and refunds	-	-	-	-	-	568
Total receipts	-	58,355	504,943	30,894	56,484	2,751,451
Disbursements:						
Current:						
Instruction	40,691	17,570	-	-	-	265,435
Support services	16,030	684	-	34,943	77,382	1,779,117
Community services	-	-	-	-	-	170
Nonprogrammed charges	-	-	-	-	-	191,125
Debt services	-	-	512,386	-	-	512,386
Total disbursements	56,721	18,254	512,386	34,943	77,382	2,748,233
Excess (deficiency) of receipts over disbursements	(56,721)	40,101	(7,443)	(4,049)	(20,898)	3,218
Other financing sources (uses):						
Transfers in	-	-	-	(3,152)	-	42,126
Transfers out	-	-	-	-	3,152	(42,126)
Total other financing sources (uses)	-	-	-	(3,152)	3,152	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(56,721)	40,101	(7,443)	(7,201)	(17,746)	3,218
Cash and investments - beginning	56,721	-	(226,759)	-	17,746	(233,574)
Cash and investments - ending	\$ -	\$ 40,101	\$ (234,202)	\$ (7,201)	\$ -	\$ (230,356)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 40,101	\$ -	\$ (7,201)	\$ -	\$ 3,846
Restricted assets:						
Cash and investments	-	-	(234,202)	-	-	(234,202)
Total cash and investment assets - ending	\$ -	\$ 40,101	\$ (234,202)	\$ (7,201)	\$ -	\$ (230,356)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ (234,202)	\$ -	\$ -	\$ (234,202)
Unrestricted	-	40,101	-	(7,201)	-	3,846
Total cash and investment fund balance - ending	\$ -	\$ 40,101	\$ (234,202)	\$ (7,201)	\$ -	\$ (230,356)

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

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

	CAPE III Grant 2005-06	Lilly Grant; CAPE 01 & HS 99	CAPE MVSC 2001-04	Pepsi Donation	MVIS Donation
Additions:					
Contributions:					
Other	\$ -	\$ 2,767	\$ 500	\$ 54,483	\$ -
Investment earnings:					
Interest	<u>208</u>	-	-	-	-
Total additions	<u>208</u>	<u>2,767</u>	<u>500</u>	<u>54,483</u>	<u>-</u>
Deductions:					
Administrative and general	<u>197,593</u>	-	<u>263</u>	<u>53,719</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(197,385)	2,767	237	764	-
Cash and investment fund balance - beginning, restated	<u>325,307</u>	-	<u>263</u>	<u>18,880</u>	<u>666</u>
Cash and investments - ending	<u>\$ 127,922</u>	<u>\$ 2,767</u>	<u>\$ 500</u>	<u>\$ 19,644</u>	<u>\$ 666</u>
Net assets:					
Cash and investments	<u>\$ 127,922</u>	<u>\$ 2,767</u>	<u>\$ 500</u>	<u>\$ 19,644</u>	<u>\$ 666</u>
Total net assets - cash and investment basis held in trust	<u>\$ 127,922</u>	<u>\$ 2,767</u>	<u>\$ 500</u>	<u>\$ 19,644</u>	<u>\$ 666</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	CIP-AED Donation	Lilly Foundation MVHS Science	Donation - MCE PTO IA	Lilly Grant, Tech Equip, Rollo	Totals
Additions:					
Contributions:					
Other	\$ 5,000	\$ 3,285	\$ 24,142	\$ 4,000	\$ 94,177
Investment earnings:					
Interest	-	-	-	-	208
Total additions	<u>5,000</u>	<u>3,285</u>	<u>24,142</u>	<u>4,000</u>	<u>94,385</u>
Deductions:					
Administrative and general	-	3,286	22,452	4,000	281,313
Excess (deficiency) of total additions over total deductions	5,000	(1)	1,690	-	(186,928)
Cash and investment fund balance - beginning, restated	-	1	3,911	-	349,028
Cash and investments - ending	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,601</u>	<u>\$ -</u>	<u>\$ 162,100</u>
Net assets:					
Cash and investments	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,601</u>	<u>\$ -</u>	<u>\$ 162,100</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,601</u>	<u>\$ -</u>	<u>\$ 162,100</u>

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

	CAPE III Grant 2005-06	Lilly Grant; CAPE 01 & HS 99	CAPE MVSC 2001-04	Pepsi Donation	MVIS Donation	CIP-AED Donation	Lilly Grant 2008
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 10,000	\$ 52,090	\$ -	\$ -	\$ 9,229
Investment earnings:							
Interest	<u>104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>104</u>	<u>-</u>	<u>10,000</u>	<u>52,090</u>	<u>-</u>	<u>-</u>	<u>9,229</u>
Deductions:							
Administrative and general	<u>128,026</u>	<u>2,767</u>	<u>10,500</u>	<u>60,359</u>	<u>666</u>	<u>5,000</u>	<u>3,834</u>
Excess (deficiency) of total additions over total deductions	(127,922)	(2,767)	(500)	(8,269)	(666)	(5,000)	5,395
Cash and investment fund balance - beginning	<u>127,922</u>	<u>2,767</u>	<u>500</u>	<u>19,644</u>	<u>666</u>	<u>5,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,395</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,395</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,395</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Donation - MCE PTO IA	Summer School Elem PTO	CIP - Tech Grant 2008 (HS-Kane)	MV Ed Foundation Grant	CAPE III 2007-08	Lilly Grant 07	Totals
Additions:							
Contributions:							
Other	\$ 22,780	\$ 3,260	\$ 3,415	\$ 6,871	\$ 14,361	\$ 5,030	\$ 127,036
Investment earnings:							
Interest	-	-	-	-	147	-	251
Total additions	<u>22,780</u>	<u>3,260</u>	<u>3,415</u>	<u>6,871</u>	<u>14,508</u>	<u>5,030</u>	<u>127,287</u>
Deductions:							
Administrative and general	<u>24,987</u>	<u>1,667</u>	<u>-</u>	<u>2,372</u>	<u>10,000</u>	<u>5,030</u>	<u>255,208</u>
Excess (deficiency) of total additions over total deductions	(2,207)	1,593	3,415	4,499	4,508	-	(127,921)
Cash and investment fund balance - beginning	<u>5,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,100</u>
Cash and investments - ending	<u>\$ 3,394</u>	<u>\$ 1,593</u>	<u>\$ 3,415</u>	<u>\$ 4,499</u>	<u>\$ 4,508</u>	<u>\$ -</u>	<u>\$ 34,179</u>
Net assets:							
Cash and investments	<u>\$ 3,394</u>	<u>\$ 1,593</u>	<u>\$ 3,415</u>	<u>\$ 4,499</u>	<u>\$ 4,508</u>	<u>\$ -</u>	<u>\$ 34,179</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,394</u>	<u>\$ 1,593</u>	<u>\$ 3,415</u>	<u>\$ 4,499</u>	<u>\$ 4,508</u>	<u>\$ -</u>	<u>\$ 34,179</u>

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
High School Refinance 2001	\$ 3,425,000	\$ 945,300
2001 A&B	31,820,000	2,342,000
2004 Mt Comfort Elementary School	15,035,000	1,309,000
2008 High School/Mc Cordsville Elementary School	74,170,000	2,150,000
Common School Fund Loans		
1990 Building Loan	225,000	85,313
1994 Building Loan	450,000	96,563
Tax Anticipation Warrants payable	7,809,606	7,809,606
Bonds payable:		
General obligation bonds:		
Pension Bonds 2002	1,890,000	260,172
Pension Bonds 2006	2,815,000	255,793
Total governmental activities debt	\$ 137,639,606	\$ 15,253,746

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the General, Transportation, Special Education Preschool, Food Service, Book Rental, Retirement Severance Bonds/DS, and Construction Fund was overdrawn at June 30, 2007, or 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2007 and 2008.

The enrollment count dates for 2007 and 2008 were September 9, 2006, and September 14, 2007, respectively. The difference between the count reported on the ADM and the verified figures are shown below:

School Year	Grade	Count as Reported on Form 30A	Actual Enrollment Figures	Difference
2006-2007	1 Through 12	3267	3269	(2)
2007-2008	Kindergarten	104.5	105	(.50)
2007-2008	1 Through 12	3305	3313	(8)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TRANSFER TUITION

Transfer Tuition Statements (School Form 515) were not prepared for the 2007-2008 school year.

IC 20-26-11-6 states in part: "(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

CHANGE ORDER NOT APPROVED BY SCHOOL BOARD

The School Corporation entered into a contract with McGuff Roofing to replace portions of the roofs at the high school and the middle school. Due to the price increases of a material to be purchased by McGuff Roofing (Premium IV Asphalt) it was more cost effective for the School Corporation to purchase the material through the East Central Educational Services Center purchasing agreement with Tremco, Inc. The School Board did not approve the decrease in the contract with McGuff Roofing as a change order.

IC 36-1-12-18 states in part:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the Mount Vernon Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

STATE BOARD OF ACCOUNTS

May 14, 2009

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 07-08	\$ -	\$ 30,171
National School Lunch Program	10.555	FY 06-07	247,293	-
		FY 07-08	<u>-</u>	<u>312,331</u>
Total for cluster			<u>247,293</u>	<u>312,331</u>
Total for federal grantor agency			<u>247,293</u>	<u>342,502</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Grants to Local Educational Agencies				
	84.010	06-3135	20,796	-
		07-3135	77,806	12,285
		08-3135	<u>-</u>	<u>98,702</u>
Total for program			<u>98,602</u>	<u>110,987</u>
Safe and Drug-Free School and Communities State Grants				
	84.186	05-236	2,580	5,626
		06-3135	<u>-</u>	<u>1,334</u>
Total for program			<u>2,580</u>	<u>6,960</u>
State Grant for Innovative Programs				
	84.298	05-123	6,391	556
		06-3135	<u>1,879</u>	<u>1,545</u>
Total for program			<u>8,270</u>	<u>2,101</u>
English Language Acquisition Grants				
	84.365	07-3135	<u>5,502</u>	<u>4,130</u>
Improving Teacher Quality State Grants				
	84.367	04-342	40,059	9,810
		05-141	35,014	1,480
		06-3135	-	48,696
		07-3135	<u>-</u>	<u>26,279</u>
Total for program			<u>75,073</u>	<u>86,265</u>
Total for federal grantor agency			<u>190,027</u>	<u>210,443</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	EM 3274	<u>8,295</u>	<u>-</u>
Total for program			<u>8,295</u>	<u>-</u>
Total for federal grantor agency			<u>8,295</u>	<u>-</u>
Total federal awards expended			<u>\$ 445,615</u>	<u>\$ 552,945</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster	10.555	\$ 47,396	\$ 71,005

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition 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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2009, with Beverly Baugh, Treasurer; Dr. William J. Riggs, Superintendent of Schools; and Robert Hiday, President of the School Board. The officials concurred with our audit findings.