

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

EXAMINATION REPORT
OF
NORTHWESTERN SCHOOL CORPORATION
HOWARD COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
01/16/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedule of Activities and Net Assets - Cash and Investment Basis	4-5
Fund Financial Information:	
Governmental Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	6-7
Proprietary Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund	8-9
Fiduciary Funds:	
Schedule of Additions, Deductions and Changes in Cash and Investment Balances – Fiduciary Funds.....	10-11
Notes to Financial Information	12-16
Required Supplementary Information:	
Schedule of Funding Progress	17
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	18-24
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private Purpose Trust Funds.....	25-26
Schedule of Capital Assets.....	27
Schedule of Long-Term Debt	28
Examination Results and Comments:	
Appropriations.....	29
Overdrawn Fund Balances	29
Exit Conference.....	30

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cami J. McLeland	07-01-05 to 06-30-08
Superintendent of Schools	Ryan Snoddy	07-01-05 to 06-30-08
President of the School Board	Ted Merrell Tim Daily Lois Hartman	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTHWESTERN SCHOOL
CORPORATION, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of the Northwestern School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

November 1, 2007

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 5,921,139	\$ -	\$ 47,365	\$ (5,873,774)
Support services	8,345,052	595,807	77,808	(7,671,437)
Community services	124,446	-	-	(124,446)
Nonprogrammed charges	326,400	-	-	(326,400)
Debt service	2,450,948	-	-	(2,450,948)
Total governmental activities	\$ 17,167,985	\$ 595,807	\$ 125,173	(16,447,005)
General receipts:				
Property taxes				9,391,959
Other local sources				1,305,015
State aid				5,096,447
Grants and contributions not restricted to specific programs				290,436
Sale of property, adjustments, and refunds				17,672
Investment earnings				64,080
Total general receipts				16,165,609
Change in net assets				(281,396)
Net assets - beginning				2,748,083
Net assets - ending				\$ 2,466,687
 <u>Assets</u>				
Cash and investments				\$ 1,450,924
Restricted assets:				
Cash and investments				1,015,763
Total assets				\$ 2,466,687
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 904,479
Other purposes				111,284
Unrestricted				1,450,924
Total net assets				\$ 2,466,687

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Totals	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 5,852,059	\$ -	\$ 49,690	\$ (5,802,369)	
Support services	8,405,902	569,099	89,923	(7,746,880)	
Community services	136,558	-	-	(136,558)	
Nonprogrammed charges	124,811	-	-	(124,811)	
Debt service	<u>2,505,916</u>	-	-	<u>(2,505,916)</u>	
Total governmental activities	<u>\$ 17,025,246</u>	<u>\$ 569,099</u>	<u>\$ 139,613</u>	<u>(16,316,534)</u>	
General receipts:					
Property taxes				10,214,819	
Other local sources				1,330,625	
State aid				4,576,809	
Bonds and loans				1,000,000	
Grants and contributions not restricted to specific programs				295,217	
Sale of property, adjustments, and refunds				25,591	
Investment earnings				<u>69,165</u>	
Total general receipts				<u>17,512,226</u>	
Change in net assets				1,195,692	
Net assets - beginning				<u>2,466,687</u>	
Net assets - ending				<u>\$ 3,662,379</u>	
<u>Assets</u>					
Cash and investments				\$ 2,644,119	
Restricted assets:					
Cash and investments				<u>1,018,260</u>	
Total assets				<u>\$ 3,662,379</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 1,000,053	
Other purposes				18,207	
Unrestricted				<u>2,644,119</u>	
Total net assets				<u>\$ 3,662,379</u>	

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE 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, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,203,726	\$ 1,043,982	\$ -	\$ 2,052,932	\$ 2,091,688	\$ 181,224	\$ 783,100	\$ 11,356,652
Intermediate sources	114	-	-	-	-	-	94	208
State sources	5,130,063	-	-	-	-	-	63,183	5,193,246
Federal sources	-	-	-	-	-	-	318,811	318,811
Sale of property, adjustments and refunds	4,791	-	12,618	-	-	-	-	17,409
Total receipts	10,338,694	1,043,982	12,618	2,052,932	2,091,688	181,224	1,165,188	16,886,326
Disbursements:								
Current:								
Instruction	5,690,707	-	-	-	-	-	230,432	5,921,139
Support services	4,120,761	1,071,907	24,167	-	2,358,760	117,546	721,807	8,414,948
Community services	124,403	-	-	-	-	-	43	124,446
Nonprogrammed charges	133,966	-	-	-	-	-	-	133,966
Debt services	500,000	-	-	1,780,908	-	-	170,040	2,450,948
Total disbursements	10,569,837	1,071,907	24,167	1,780,908	2,358,760	117,546	1,122,322	17,045,447
Excess (deficiency) of receipts over disbursements	(231,143)	(27,925)	(11,549)	272,024	(267,072)	63,678	42,866	(159,121)
Other financing sources (uses):								
Transfers in	-	40,000	12,000	-	-	-	66,308	118,308
Transfers out	(23,752)	(5,040)	-	(10,594)	(65,181)	(871)	(12,870)	(118,308)
Total other financing sources (uses)	(23,752)	34,960	12,000	(10,594)	(65,181)	(871)	53,438	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(254,895)	7,035	451	261,430	(332,253)	62,807	96,304	(159,121)
Cash and investments - beginning	337,133	1,724	240,382	641,391	1,165,216	120,562	8,116	2,514,524
Cash and investments - ending	\$ 82,238	\$ 8,759	\$ 240,833	\$ 902,821	\$ 832,963	\$ 183,369	\$ 104,420	2,355,403
Amounts reported for governmental activities in the Schedule of 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 Schedule of Activities and Net Assets - Cash and Investment Basis.								
								111,284
Net assets of governmental activities								\$ 2,466,687
Cash and Investment Assets - Ending								
Cash and investments	\$ 82,238	\$ 8,759	\$ 240,833	\$ -	\$ 832,963	\$ 183,369	\$ 102,762	\$ 1,450,924
Restricted assets:								
Cash and investments	-	-	-	902,821	-	-	1,658	904,479
Total cash and investment assets - ending	\$ 82,238	\$ 8,759	\$ 240,833	\$ 902,821	\$ 832,963	\$ 183,369	\$ 104,420	\$ 2,355,403
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 902,821	\$ -	\$ -	\$ 1,658	\$ 904,479
Unrestricted	82,238	8,759	240,833	-	832,963	183,369	102,762	1,450,924
Total cash and investment fund balance - ending	\$ 82,238	\$ 8,759	\$ 240,833	\$ 902,821	\$ 832,963	\$ 183,369	\$ 104,420	\$ 2,355,403

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE 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	\$ 5,829,391	\$ 1,163,509	\$ -	\$ 1,935,302	\$ 2,342,937	\$ 145,688	\$ 765,503	\$ 12,182,330
Intermediate sources	57	-	-	-	-	-	1,000	1,057
State sources	4,609,481	-	-	-	-	-	69,427	4,678,908
Federal sources	-	-	-	-	-	-	332,730	332,730
Bonds and loans	1,000,000	-	-	-	-	-	-	1,000,000
Sale of property, adjustments and refunds	22,309	-	-	-	2,445	-	750	25,504
Total receipts	11,461,238	1,163,509	-	1,935,302	2,345,382	145,688	1,169,410	18,220,529
Disbursements:								
Current:								
Instruction	5,641,503	-	-	-	-	-	210,556	5,852,059
Support services	4,247,978	1,095,055	-	-	2,070,386	157,019	741,979	8,312,417
Community services	136,149	-	-	-	-	-	409	136,558
Nonprogrammed charges	124,811	-	-	-	-	-	-	124,811
Debt services	500,000	-	-	1,838,422	-	-	167,494	2,505,916
Total disbursements	10,650,441	1,095,055	-	1,838,422	2,070,386	157,019	1,120,438	16,931,761
Excess (deficiency) of receipts over disbursements	810,797	68,454	-	96,880	274,996	(11,331)	48,972	1,288,768
Other financing sources (uses):								
Transfers in	-	-	-	-	55,000	-	3,000	58,000
Transfers out	-	(40,000)	-	-	(3,000)	-	(15,000)	(58,000)
Total other financing sources (uses)	-	(40,000)	-	-	52,000	-	(12,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	810,797	28,454	-	96,880	326,996	(11,331)	36,972	1,288,768
Cash and investments - beginning	82,238	8,759	240,833	902,821	832,963	183,369	104,420	2,355,403
Cash and investments - ending	<u>\$ 893,035</u>	<u>\$ 37,213</u>	<u>\$ 240,833</u>	<u>\$ 999,701</u>	<u>\$ 1,159,959</u>	<u>\$ 172,038</u>	<u>\$ 141,392</u>	<u>3,644,171</u>
Amounts reported for governmental activities in the Schedule 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 Schedule of Activities and Net Assets - Cash and Investment Basis.								
								18,208
Net assets of governmental activities								<u>\$ 3,662,379</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 893,035	\$ 37,213	\$ 240,833	\$ -	\$ 1,159,959	\$ 172,038	\$ 141,040	\$ 2,644,118
Restricted assets:								
Cash and investments	-	-	-	999,701	-	-	352	1,000,053
Total cash and investment assets - ending	<u>\$ 893,035</u>	<u>\$ 37,213</u>	<u>\$ 240,833</u>	<u>\$ 999,701</u>	<u>\$ 1,159,959</u>	<u>\$ 172,038</u>	<u>\$ 141,392</u>	<u>\$ 3,644,171</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	999,701	\$ -	\$ -	\$ 352	\$ 1,000,053
Unrestricted	893,035	37,213	240,833	-	1,159,959	172,038	141,040	2,644,118
Total cash and investment fund balance - ending	<u>\$ 893,035</u>	<u>\$ 37,213</u>	<u>\$ 240,833</u>	<u>\$ 999,701</u>	<u>\$ 1,159,959</u>	<u>\$ 172,038</u>	<u>\$ 141,392</u>	<u>\$ 3,644,171</u>

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE 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, 2006

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 69,896
Miscellaneous	<u>263</u>
Total operating receipts	<u>70,159</u>
Operating disbursements:	
Insurance claims and expense	<u>192,434</u>
Deficiency of operating receipts over operating disbursements	(122,275)
Cash and investment fund balance - beginning	<u>233,559</u>
Cash and investment fund balance - ending	<u>\$ 111,284</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 111,284</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 111,284</u>

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE 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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 323
Miscellaneous	86
Total operating receipts	409
Operating disbursements:	
Insurance claims and expense	93,485
Deficiency of operating receipts over operating disbursements	(93,076)
Cash and investment fund balance - beginning	111,284
Cash and investment fund balance - ending	\$ 18,208
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 18,208
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 18,208

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ -	\$ -	
Deductions:			
Benefits	68,884	-	
Administrative and general	-	2,070	
Total deductions	68,884	2,070	
Deficiency of total additions over total deductions	(68,884)	(2,070)	
Cash and investment fund balance - beginning	68,884	3,885	
Cash and investment fund balance - ending	\$ -	\$ 1,815	
Net Assets:			
Cash and investments	\$ -	\$ 1,815	\$ 63,979
Total net assets - cash and investment basis held in trust	\$ -	\$ 1,815	\$ 63,979

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended June 30, 2007

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ <u>1,000</u>	
Deductions:		
Benefits	<u>-</u>	
Excess of total additions over total deductions	1,000	
Cash and investment fund balance - beginning	<u>2,805</u>	
Cash and investment fund balance - ending	<u>\$ 3,805</u>	
Net Assets:		
Cash and investments	<u>\$ 3,805</u>	<u>\$ 40,264</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,805</u>	<u>\$ 40,264</u>

The accompanying notes are an integral part of the financial information.

NORTHWESTERN SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Schedules

The Schedule of Activities and Net Assets - Cash and Investment Basis displays information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

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

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

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

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

NORTHWESTERN SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for receipts and disbursements concerning the school corporation's self fund-group medical insurance.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporation's students.

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

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial schedules 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.

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 schedules.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

NORTHWESTERN SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. 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.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

NORTHWESTERN SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental	\$ 23,752	\$ -
Capital Projects	Transportation Operating	40,000	-
Transportation Operating	Capital Projects	-	40,000
Debt Service	Other governmental	10,594	-
Capital Projects	Other governmental	25,181	3,000
Transportation Operating	Other governmental	5,040	-
Other governmental	General Fund	12,000	-
Other governmental	Capital Projects	-	15,000
Other governmental	Other governmental	1,741	-
		<u>\$ 118,308</u>	<u>\$ 58,000</u>
Totals		<u>\$ 118,308</u>	<u>\$ 58,000</u>

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

Note 7. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

NORTHWESTERN SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's 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 members' 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:

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

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.

NORTHWESTERN 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,661,024	\$ 1,973,546	\$ (312,522)	84%	\$ 1,441,169	(22%)
07-01-05	1,732,777	2,169,805	(437,028)	80%	1,417,832	(31%)
07-01-06	1,870,988	2,160,651	(289,663)	87%	1,410,899	(21%)

NORTHWESTERN 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, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Technology Prep Grant
Receipts:						
Local sources	\$ 16,788	\$ 451,362	\$ 146,262	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	94	-
State sources	34,442	6,062	7,054	-	-	-
Federal sources	-	64,692	-	-	-	-
Total receipts	51,230	522,116	153,316	-	94	-
Disbursements:						
Current:						
Instruction	42,330	-	-	-	-	-
Support services	-	472,584	153,698	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	42,330	472,584	153,698	-	-	-
Excess (deficiency) of receipts over disbursements	8,900	49,532	(382)	-	94	-
Other financing sources (uses):						
Transfers in	-	-	-	51,308	-	-
Transfers out	(81)	-	-	-	-	-
Total other financing sources (uses)	(81)	-	-	51,308	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,819	49,532	(382)	51,308	94	-
Cash and investments - beginning	47,516	7,983	(151,732)	-	-	-
Cash and investments - ending	<u>\$ 56,335</u>	<u>\$ 57,515</u>	<u>\$ (152,114)</u>	<u>\$ 51,308</u>	<u>\$ 94</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 56,335	\$ 57,515	\$ (152,114)	\$ 51,308	\$ 94	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 56,335	\$ 57,515	\$ (152,114)	\$ 51,308	\$ 94	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	56,335	57,515	(152,114)	51,308	94	-
Total cash and investment fund balance - ending	\$ 56,335	\$ 57,515	\$ (152,114)	\$ 51,308	\$ 94	\$ -

NORTHWESTERN 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, 2006
 (Continued)

	Gifted and Talented	Education Technology	Non-English Speaking Program	School Technology	Technology Planning Grant	Emergency Impact Aid
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	13,239	1,467	-	408	-	-
Federal sources	-	-	-	-	-	5,000
Total receipts	13,239	1,467	-	408	-	5,000
Disbursements:						
Current:						
Instruction	12,553	-	-	-	-	-
Support services	-	1,467	-	3,470	1,015	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	12,553	1,467	-	3,470	1,015	-
Excess (deficiency) of receipts over disbursements	686	-	-	(3,062)	(1,015)	5,000
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	686	-	-	(3,062)	(1,015)	5,000
Cash and investments - beginning	439	-	2,454	6,001	1,015	-
Cash and investments - ending	\$ 1,125	\$ -	\$ 2,454	\$ 2,939	\$ -	\$ 5,000
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,125	\$ -	\$ 2,454	\$ 2,939	\$ -	\$ 5,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,125	\$ -	\$ 2,454	\$ 2,939	\$ -	\$ 5,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,125	-	2,454	2,939	-	5,000
Total cash and investment fund balance - ending	\$ 1,125	\$ -	\$ 2,454	\$ 2,939	\$ -	\$ 5,000

NORTHWESTERN 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, 2006
 (Continued)

	Mentor Teacher	Safe Haven Grant	Viesn Grant	Title I	Innovative Education Title V	DARE
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	511	-	-	-	-	-
Federal sources	-	-	-	175,435	7,617	6,981
Total receipts	511	-	-	175,435	7,617	6,981
Disbursements:						
Current:						
Instruction	-	-	1,285	131,523	-	2,169
Support services	-	290	-	53,754	9,969	4,075
Community services	-	-	-	43	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	290	1,285	185,320	9,969	6,244
Excess (deficiency) of receipts over disbursements	511	(290)	(1,285)	(9,885)	(2,352)	737
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	511	(290)	(1,285)	(9,885)	(2,352)	737
Cash and investments - beginning	-	6,502	1,285	56,179	7,229	2,312
Cash and investments - ending	<u>\$ 511</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ 46,294</u>	<u>\$ 4,877</u>	<u>\$ 3,049</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 511	\$ 6,212	\$ -	\$ 46,294	\$ 4,877	\$ 3,049
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 511</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ 46,294</u>	<u>\$ 4,877</u>	<u>\$ 3,049</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	511	6,212	-	46,294	4,877	3,049
Total cash and investment fund balance - ending	<u>\$ 511</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ 46,294</u>	<u>\$ 4,877</u>	<u>\$ 3,049</u>

NORTHWESTERN 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, 2006
 (Continued)

	Eisenhower Grant	Improving Teacher Quality	Title II Enhancing Education	Title II Limited English	Retirement/ Severance Bond Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 168,688	\$ 783,100
Intermediate sources	-	-	-	-	-	94
State sources	-	-	-	-	-	63,183
Federal sources	-	53,535	4,292	1,259	-	318,811
Total receipts	-	53,535	4,292	1,259	168,688	1,165,188
Disbursements:						
Current:						
Instruction	-	39,560	-	1,012	-	230,432
Support services	15	21,146	184	140	-	721,807
Community services	-	-	-	-	-	43
Debt services	-	-	-	-	170,040	170,040
Total disbursements	15	60,706	184	1,152	170,040	1,122,322
Excess (deficiency) of receipts over disbursements	(15)	(7,171)	4,108	107	(1,352)	42,866
Other financing sources (uses):						
Transfers in	-	-	-	-	15,000	66,308
Transfers out	-	-	-	-	(12,789)	(12,870)
Total other financing sources (uses)	-	-	-	-	2,211	53,438
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15)	(7,171)	4,108	107	859	96,304
Cash and investments - beginning	15	17,468	1,284	1,367	799	8,116
Cash and investments - ending	\$ -	\$ 10,297	\$ 5,392	\$ 1,474	\$ 1,658	\$ 104,420
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 10,297	\$ 5,392	\$ 1,474	\$ -	\$ 102,762
Restricted assets:						
Cash and investments	-	-	-	-	1,658	1,658
Total cash and investment assets - ending	\$ -	\$ 10,297	\$ 5,392	\$ 1,474	\$ 1,658	\$ 104,420
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,658	\$ 1,658
Unrestricted	-	10,297	5,392	1,474	-	102,762
Total cash and investment fund balance - ending	\$ -	\$ 10,297	\$ 5,392	\$ 1,474	\$ 1,658	\$ 104,420

NORTHWESTERN 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 Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Gifted and Talented	Indiana Arts Commission
Receipts:							
Local sources	\$ 18,159	\$ 455,936	\$ 113,220	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	33,809	6,385	11,490	-	-	13,240	1,000
Federal sources	-	72,048	-	-	-	-	-
Sale of property, adjustments and refunds	-	750	-	-	-	-	-
Total receipts	51,968	535,119	124,710	-	-	13,240	1,000
Disbursements:							
Current:							
Instruction	42,134	-	-	-	-	12,839	1,000
Support services	-	516,638	143,063	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	42,134	516,638	143,063	-	-	12,839	1,000
Excess (deficiency) of receipts over disbursements	9,834	18,481	(18,353)	-	-	401	-
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	9,834	18,481	(18,353)	-	-	401	-
Cash and investments - beginning	56,336	57,516	(152,114)	51,308	94	1,125	-
Cash and investments - ending	\$ 66,170	\$ 75,997	\$ (170,467)	\$ 51,308	\$ 94	\$ 1,526	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 66,170	\$ 75,997	\$ (170,467)	\$ 51,308	\$ 94	\$ 1,526	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 66,170	\$ 75,997	\$ (170,467)	\$ 51,308	\$ 94	\$ 1,526	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	66,170	75,997	(170,467)	51,308	94	1,526	-
Total cash and investment fund balance - ending	\$ 66,170	\$ 75,997	\$ (170,467)	\$ 51,308	\$ 94	\$ 1,526	\$ -

NORTHWESTERN 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)

	Science Award	Non-English Speaking Program	School Technology	Emergency Impact Aid	Mentor Teacher	Safe Haven	Title I
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	1,000	-	-	-	-	-	-
State sources	-	137	726	-	2,640	-	-
Federal sources	-	-	-	2,500	-	-	201,053
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	1,000	137	726	2,500	2,640	-	201,053
Disbursements:							
Current:							
Instruction	988	-	-	-	-	-	116,800
Support services	-	-	2,462	-	336	199	55,721
Community services	-	-	-	-	-	-	409
Debt services	-	-	-	-	-	-	-
Total disbursements	988	-	2,462	-	336	199	172,930
Excess (deficiency) of receipts over disbursements	12	137	(1,736)	2,500	2,304	(199)	28,123
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	12	137	(1,736)	2,500	2,304	(199)	28,123
Cash and investments - beginning	-	2,454	2,939	5,000	511	6,212	46,294
Cash and investments - ending	\$ 12	\$ 2,591	\$ 1,203	\$ 7,500	\$ 2,815	\$ 6,013	\$ 74,417
Cash and Investment Assets - Ending							
Cash and investments	\$ 12	\$ 2,591	\$ 1,203	\$ 7,500	\$ 2,815	\$ 6,013	\$ 74,417
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 12	\$ 2,591	\$ 1,203	\$ 7,500	\$ 2,815	\$ 6,013	\$ 74,417
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	12	2,591	1,203	7,500	2,815	6,013	74,417
Total cash and investment fund balance - ending	\$ 12	\$ 2,591	\$ 1,203	\$ 7,500	\$ 2,815	\$ 6,013	\$ 74,417

NORTHWESTERN 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)

	Innovative Education Title V	DARE	Improving Teacher Quality	Title II Enhancing Education	Title III Limited English	Retirement/ Severance Bond Debt Service	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,188	\$ 765,503
Intermediate sources	-	-	-	-	-	-	1,000
State sources	-	-	-	-	-	-	69,427
Federal sources	-	-	53,867	3,262	-	-	332,730
Sale of property, adjustments and refunds	-	-	-	-	-	-	750
Total receipts	-	-	53,867	3,262	-	178,188	1,169,410
Disbursements:							
Current:							
Instruction	-	1,148	34,842	-	805	-	210,556
Support services	3,435	1,901	12,318	5,906	-	-	741,979
Community services	-	-	-	-	-	-	409
Debt services	-	-	-	-	-	167,494	167,494
Total disbursements	3,435	3,049	47,160	5,906	805	167,494	1,120,438
Excess (deficiency) of receipts over disbursements	(3,435)	(3,049)	6,707	(2,644)	(805)	10,694	48,972
Other financing sources (uses):							
Transfers in	-	-	-	-	-	3,000	3,000
Transfers out	-	-	-	-	-	(15,000)	(15,000)
Total other financing sources (uses)	-	-	-	-	-	(12,000)	(12,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,435)	(3,049)	6,707	(2,644)	(805)	(1,306)	36,972
Cash and investments - beginning	4,876	3,049	10,297	5,392	1,473	1,658	104,420
Cash and investments - ending	\$ 1,441	\$ -	\$ 17,004	\$ 2,748	\$ 668	\$ 352	\$ 141,392
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,441	\$ -	\$ 17,004	\$ 2,748	\$ 668	\$ -	\$ 141,040
Restricted assets:							
Cash and investments	-	-	-	-	-	352	352
Total cash and investment assets - ending	\$ 1,441	\$ -	\$ 17,004	\$ 2,748	\$ 668	\$ 352	\$ 141,392
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352	\$ 352
Unrestricted	1,441	-	17,004	2,748	668	-	141,040
Total cash and investment fund balance - ending	\$ 1,441	\$ -	\$ 17,004	\$ 2,748	\$ 668	\$ 352	\$ 141,392

NORTHWESTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	Indiana Next Leadership	Convergence Education Foundation	I Love to Read Award	Totals
Additions:				
Contributions:				
Other	\$ -	\$ -	\$ -	\$ -
Deductions:				
Administrative and general	1,080	990	-	2,070
Deficiency of total additions over total deductions	(1,080)	(990)	-	(2,070)
Cash and investment fund balance - beginning	2,603	990	292	3,885
Cash and Investments - June 30	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 1,815</u>
Net Assets:				
Cash and investments	\$ 1,523	\$ -	\$ 292	\$ 1,815
Total net assets - cash and investment basis held in trust	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 1,815</u>

NORTHWESTERN 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

	Fine Arts	Indiana Next Leadership	I Love to Read Award	Totals
Additions:				
Contributions:				
Other	\$ 1,000	\$ -	\$ -	\$ 1,000
Deductions:				
Administrative and general	-	-	-	-
Excess of total additions over total deductions	1,000	-	-	1,000
Cash and investment fund balance - beginning	-	2,513	292	2,805
Cash and Investments - June 30	<u>\$ 1,000</u>	<u>\$ 2,513</u>	<u>\$ 292</u>	<u>\$ 3,805</u>
Net Assets:				
Cash and investments	\$ 1,000	\$ 2,513	\$ 292	\$ 3,805
Total net assets - cash and investment basis held in trust	<u>\$ 1,000</u>	<u>\$ 2,513</u>	<u>\$ 292</u>	<u>\$ 3,805</u>

NORTHWESTERN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 22,610
Buildings	37,567,859
Improvements other than buildings	1,257,180
Machinery and equipment	<u>2,026,026</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 40,873,675</u>

NORTHWESTERN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

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:		
1996 Northwestern High School Building	\$ 2,070,000	\$ 914,000
2005 Northwestern Building Corporation	19,260,000	1,486,000
Notes and loans payable	224,519	89,058
Tax anticipation warrants	500,000	500,000
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bond	<u>1,695,000</u>	<u>164,652</u>
Total governmental activities debt	<u>\$ 23,749,519</u>	<u>\$ 3,153,710</u>

NORTHWESTERN SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Transportation Operating	2005	<u>\$ 43,111</u>

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

OVERDRAWN FUND BALANCES

The Textbook Rental Fund was overdrawn in 2005-2006 and 2006-2007 school years.

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

NORTHWESTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2007, with Cami J. McLeland, Treasurer; and Ryan Snoddy, Superintendent of Schools.