

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

EXAMINATION REPORT
OF
NORTHWESTERN CONSOLIDATED
SCHOOL CORPORATION
SHELBY COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

04/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diane J. Brown Gail Ratliff Julie Glesing	07-01-03 to 12-14-07 12-15-07 to 02-12-08 02-13-08 to 06-30-08
Superintendent of Schools	Dr. Larry G. Moore Mary Geisting	07-01-05 to 08-03-07 08-04-07 to 06-30-08
President of the School Board	John Merlau Mary Pardue	07-01-05 to 06-30-06 07-01-06 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NORTHWESTERN CONSOLIDATED
SCHOOL CORPORATION, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of Northwestern Consolidated 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 Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 19, 2008

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

<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	\$ 4,573,396	\$ -	\$ 46,642	\$ (4,526,754)
Support services	6,220,581	462,054	155,711	(5,602,816)
Community services	187,513	-	-	(187,513)
Nonprogrammed charges	629,221	-	-	(629,221)
Debt service	<u>3,987,795</u>	<u>-</u>	<u>-</u>	<u>(3,987,795)</u>
 Total governmental activities	 <u>\$ 15,598,506</u>	 <u>\$ 462,054</u>	 <u>\$ 202,353</u>	 <u>(14,934,099)</u>
 General receipts:				
Property taxes				5,630,207
Other local sources				1,430,862
State aid				5,600,428
Bonds and loans				2,101,500
Grants and contributions not restricted to specific programs				252,965
Sale of property, adjustments, and refunds				42,658
Investment earnings				<u>60,959</u>
 Total general receipts				 <u>15,119,579</u>
 Change in net assets				 185,480
 Net assets - beginning				 <u>3,086,150</u>
 Net assets - ending				 <u>\$ 3,271,630</u>
 <u>Assets</u>				
Cash and investments				\$ 2,904,954
Cash and investments				<u>366,676</u>
 Total assets				 <u>\$ 3,271,630</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 366,676
Unrestricted				<u>2,904,954</u>
 Total net assets				 <u>\$ 3,271,630</u>

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

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
SCHEDULE 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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,708,952	\$ -	\$ 44,195	\$ (4,664,757)
Support services	7,428,047	441,408	164,467	(6,822,172)
Community services	168,933	-	-	(168,933)
Nonprogrammed charges	737,621	-	-	(737,621)
Debt service	<u>1,758,599</u>	<u>-</u>	<u>-</u>	<u>(1,758,599)</u>
Total governmental activities	<u>\$ 14,802,152</u>	<u>\$ 441,408</u>	<u>\$ 208,662</u>	<u>(14,152,082)</u>
General receipts:				
Property taxes				3,051,102
Other local sources				863,764
State aid				5,412,485
Bonds and loans				1,745,000
Grants and contributions not restricted to specific programs				273,307
Sale of property, adjustments, and refunds				73,697
Investment earnings				<u>85,833</u>
Total general receipts				<u>11,505,188</u>
Change in net assets				(2,646,894)
Net assets - beginning				<u>3,271,630</u>
Net assets - ending				<u>\$ 624,736</u>
<u>Assets</u>				
Cash and investments				\$ 622,183
Restricted assets:				
Cash and investments				<u>2,553</u>
Total assets				<u>\$ 624,736</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,553
Unrestricted				<u>622,183</u>
Total net assets				<u>\$ 624,736</u>

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

NORTHWESTERN CONSOLIDATED 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	Extended Day Kindergarten	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 3,750,701	\$ 694,097	\$ 50,515	\$ 916,881	\$ 1,366,593	\$ 112,241	\$ -	\$ 692,667	\$ 7,583,695
Intermediate sources	105	-	-	-	-	-	-	281	386
State sources	5,634,103	-	-	-	-	-	-	87,440	5,721,543
Federal sources	-	-	-	-	-	-	-	334,204	334,204
Bonds and loans	250,000	70,000	-	281,500	-	-	1,500,000	-	2,101,500
Sale of property, adjustments and refunds	10,255	3,519	-	-	-	-	650	28,234	42,658
Total receipts	9,645,164	767,616	50,515	1,198,381	1,366,593	112,241	1,500,650	1,142,826	15,783,986
Disbursements:									
Current:									
Instruction	4,376,403	-	-	-	-	-	-	196,993	4,573,396
Support services	3,404,622	583,138	1,856	-	1,271,034	101,134	89,739	769,058	6,220,581
Community services	108,009	-	26,464	-	-	-	-	53,040	187,513
Nonprogrammed charges	629,221	-	-	-	-	-	-	-	629,221
Debt services	2,069,328	250,000	-	1,181,769	300,000	-	-	186,698	3,987,795
Total disbursements	10,587,583	833,138	28,320	1,181,769	1,571,034	101,134	89,739	1,205,789	15,598,506
Excess (deficiency) of receipts over disbursements	(942,419)	(65,522)	22,195	16,612	(204,441)	11,107	1,410,911	(62,963)	185,480
Other financing sources (uses):									
Transfers in	-	-	-	26,000	-	-	-	143,416	169,416
Transfers out	(87,430)	(12,276)	-	(12,163)	(21,692)	(1,857)	-	(33,998)	(169,416)
Total other financing sources (uses)	(87,430)	(12,276)	-	13,837	(21,692)	(1,857)	-	109,418	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,029,849)	(77,798)	22,195	30,449	(226,133)	9,250	1,410,911	46,455	185,480
Cash and investments - beginning	1,440,051	236,828	54,137	301,199	582,726	103,954	-	367,255	3,086,150
Cash and investments - ending	\$ 410,202	\$ 159,030	\$ 76,332	\$ 331,648	\$ 356,593	\$ 113,204	\$ 1,410,911	\$ 413,710	\$ 3,271,630
Cash and Investment Assets - Ending									
Cash and investments	\$ 410,202	\$ 159,030	\$ 76,332	\$ -	\$ 356,593	\$ 113,204	\$ 1,410,911	\$ 378,682	\$ 2,904,954
Restricted assets:									
Cash and investments	-	-	-	331,648	-	-	-	35,028	366,676
Total cash and investment assets - ending	\$ 410,202	\$ 159,030	\$ 76,332	\$ 331,648	\$ 356,593	\$ 113,204	\$ 1,410,911	\$ 413,710	\$ 3,271,630
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 331,648	\$ -	\$ -	\$ -	\$ 35,028	\$ 366,676
Unrestricted	410,202	159,030	76,332	-	356,593	113,204	1,410,911	378,682	2,904,954
Total cash and investment fund balance - ending	\$ 410,202	\$ 159,030	\$ 76,332	\$ 331,648	\$ 356,593	\$ 113,204	\$ 1,410,911	\$ 413,710	\$ 3,271,630

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

NORTHWESTERN CONSOLIDATED 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	Extended Day Kindergarten	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 2,013,321	\$ 333,128	\$ 47,327	\$ 619,054	\$ 762,125	\$ 57,819	\$ -	\$ 608,276	\$ 4,441,050
Intermediate sources	157	-	-	-	-	-	-	900	1,057
State sources	5,443,673	-	-	-	-	-	-	88,733	5,532,406
Federal sources	-	-	-	-	-	-	-	362,048	362,048
Bonds and loans	1,250,000	110,000	-	335,000	-	-	-	50,000	1,745,000
Sale of property, adjustments and refunds	29,010	24,848	-	-	-	-	-	19,839	73,697
Total receipts	8,736,161	467,976	47,327	954,054	762,125	57,819	-	1,129,796	12,155,258
Disbursements:									
Current:									
Instruction	4,481,466	-	-	-	-	-	-	227,486	4,708,952
Support services	3,607,418	565,480	1,951	-	938,257	150,094	1,377,594	787,253	7,428,047
Community services	65,022	-	34,622	-	-	-	-	69,289	168,933
Nonprogrammed charges	737,621	-	-	-	-	-	-	-	737,621
Debt services	269,101	70,000	-	1,295,625	-	-	-	123,873	1,758,599
Total disbursements	9,160,628	635,480	36,573	1,295,625	938,257	150,094	1,377,594	1,207,901	14,802,152
Excess (deficiency) of receipts over disbursements	(424,467)	(167,504)	10,754	(341,571)	(176,132)	(92,275)	(1,377,594)	(78,105)	(2,646,894)
Other financing sources (uses):									
Transfers in	61,430	12,276	-	12,163	21,692	1,857	-	18,295	127,713
Transfers out	-	-	-	-	-	-	-	(127,713)	(127,713)
Total other financing sources (uses)	61,430	12,276	-	12,163	21,692	1,857	-	(109,418)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(363,037)	(155,228)	10,754	(329,408)	(154,440)	(90,418)	(1,377,594)	(187,523)	(2,646,894)
Cash and investments - beginning	410,202	159,030	76,332	331,648	356,593	113,204	1,410,911	413,710	3,271,630
Cash and investments - ending	<u>\$ 47,165</u>	<u>\$ 3,802</u>	<u>\$ 87,086</u>	<u>\$ 2,240</u>	<u>\$ 202,153</u>	<u>\$ 22,786</u>	<u>\$ 33,317</u>	<u>\$ 226,187</u>	<u>\$ 624,736</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 47,165	\$ 3,802	\$ 87,086	\$ -	\$ 202,153	\$ 22,786	\$ 33,317	\$ 225,874	\$ 622,183
Restricted assets:									
Cash and investments	-	-	-	2,240	-	-	-	313	2,553
Total cash and investment assets - ending	\$ 47,165	\$ 3,802	\$ 87,086	\$ 2,240	\$ 202,153	\$ 22,786	\$ 33,317	\$ 226,187	\$ 624,736
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 2,240	\$ -	\$ -	\$ -	\$ 313	\$ 2,553
Unrestricted	47,165	3,802	87,086	-	202,153	22,786	33,317	225,874	622,183
Total cash and investment fund balance - ending	\$ 47,165	\$ 3,802	\$ 87,086	\$ 2,240	\$ 202,153	\$ 22,786	\$ 33,317	\$ 226,187	\$ 624,736

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 654
Deductions:		
Administrative and general	<u>-</u>	<u>5,778</u>
Deficiency of total additions over total deductions	-	(5,124)
Cash and investment fund balance - beginning	<u>55,070</u>	<u>6,238</u>
Cash and investment fund balance - ending	<u>\$ 55,070</u>	<u>\$ 1,114</u>
Net assets:		
Cash and investments	<u>\$ 55,070</u>	<u>\$ 1,114</u>
Total net assets - cash and investment basis held in trust	<u>\$ 55,070</u>	<u>\$ 1,114</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Deductions:		
Administrative and general	\$ -	\$ 798
Deficiency of total additions over total deductions	-	(798)
Cash and investment fund balance - beginning	<u>55,070</u>	<u>1,114</u>
Cash and investment fund balance - ending	<u>\$ 55,070</u>	<u>\$ 316</u>
Net assets:		
Cash and investments	<u>\$ 55,070</u>	<u>\$ 316</u>
Total net assets - cash and investment basis held in trust	<u>\$ 55,070</u>	<u>\$ 316</u>

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

NORTHWESTERN CONSOLIDATED 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 Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets – Cash and Investment basis display 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 and major individual enterprise 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 CONSOLIDATED 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 extended day kindergarten fund is used to account for receipts and disbursements concerning full day kindergarten.

The construction fund is used to account for receipts and disbursements for the additions to the administration building and high school kitchen remodel.

Additionally, the School Corporation reports the following fund types:

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the faculty and student development and training programs.

Agency funds account for assets held by the School Corporation as an agent for the Federal Government or State Government and various Insurance Companies.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental 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. 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 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.

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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.

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Debt Service Fund	\$ 26,000	\$ -
	Other governmental funds	61,430	-
Transportation Operating Fund	Other governmental funds	12,276	-
Debt Service Fund	Other governmental funds	12,163	-
Capital Projects Fund	Other governmental funds	21,692	-
School Bus Replacement Fund	Other governmental funds	1,857	-
Other governmental funds	General Fund	-	61,430
	Transportation Operating Fund	-	12,276
	Debt Service Fund	-	12,163
	Capital Projects Fund	-	21,692
	School Bus Replacement Fund	-	1,857
	Other governmental funds	<u>33,998</u>	<u>18,295</u>
Totals		<u>\$ 169,416</u>	<u>\$ 127,713</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 (Indiana Code 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:

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

B. 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 (Indiana Code 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:

Teachers' 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 CONSOLIDATED 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	\$ 732,442	\$ 791,601	\$ (59,159)	93%	\$ 727,450	(8%)
07-01-05	773,855	879,792	(105,937)	88%	764,250	(14%)
07-01-06	618,845	765,137	(146,292)	81%	695,297	(21%)

NORTHWESTERN CONSOLIDATED 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

	Pre-School Special Education	School Lunch	Textbook Rental	Levy Excess Fund	Hoosier Heartland Trust	Educational License Plate	Gifted and Talented 2005-2006
Receipts:							
Local sources	\$ 10,813	\$ 314,685	\$ 147,369	\$ -	\$ 43,409	\$ -	\$ -
Intermediate sources	-	-	-	-	-	281	-
State sources	44,626	10,438	17,915	-	-	-	12,968
Federal sources	-	123,432	-	-	-	-	-
Sale of property, adjustments and refunds	-	12,907	15,327	-	-	-	-
Total receipts	55,439	461,462	180,611	-	43,409	281	12,968
Disbursements:							
Current:							
Instruction	24,908	-	-	-	-	-	11,952
Support services	-	477,172	178,502	-	42,848	-	1,016
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	24,908	477,172	178,502	-	42,848	-	12,968
Excess (deficiency) of receipts over disbursements	30,531	(15,710)	2,109	-	561	281	-
Other financing sources (uses):							
Transfers in	-	-	-	112,402	-	-	-
Transfers out	(189)	-	-	-	-	-	-
Total other financing sources (uses)	(189)	-	-	112,402	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,342	(15,710)	2,109	112,402	561	281	-
Cash and investments - beginning	38,171	27,484	48,081	-	2,751	5,456	-
Cash and investments - ending	<u>\$ 68,513</u>	<u>\$ 11,774</u>	<u>\$ 50,190</u>	<u>\$ 112,402</u>	<u>\$ 3,312</u>	<u>\$ 5,737</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 68,513	\$ 11,774	\$ 50,190	\$ 112,402	\$ 3,312	\$ 5,737	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 68,513	\$ 11,774	\$ 50,190	\$ 112,402	\$ 3,312	\$ 5,737	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	68,513	11,774	50,190	112,402	3,312	5,737	-
Total cash and investment fund balance - ending	\$ 68,513	\$ 11,774	\$ 50,190	\$ 112,402	\$ 3,312	\$ 5,737	\$ -

NORTHWESTERN CONSOLIDATED 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)

	State Medicaid Reimbursement Fund	Non-English Speaking Program	School Technology Fund	Tech Planning Grant Program	Buddy System Grant	ISIA 1999-2000	Technology Planning Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,493	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	1,493	-	-	-	-	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	630	258	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	630	258	-	-	-
Excess (deficiency) of receipts over disbursements	1,493	-	(630)	(258)	-	-	-
Other financing sources (uses):							
Transfers in	-	-	3,240	-	-	-	-
Transfers out	-	-	-	(3,240)	-	-	-
Total other financing sources (uses)	-	-	3,240	(3,240)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,493	-	2,610	(3,498)	-	-	-
Cash and investments - beginning	16,107	34	1,975	4,283	22	1,129	205
Cash and investments - ending	17,600	34	4,585	785	22	1,129	205
Cash and Investment Assets - Ending							
Cash and investments	\$ 17,600	\$ 34	\$ 4,585	\$ 785	\$ 22	\$ 1,129	\$ 205
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	17,600	34	4,585	785	22	1,129	205
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,600	34	4,585	785	22	1,129	205
Total cash and investment fund balance - ending	17,600	34	4,585	785	22	1,129	205

NORTHWESTERN CONSOLIDATED 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)

	School Age Child Care	Pre-School	Cape Grant	Title I 2005-2006	Title I 2004-2005	Title V 2005-2006	Title V 2004-2005
Receipts:							
Local sources	\$ 40,499	\$ 8,209	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	148,714	-	3,968	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	40,499	8,209	2,000	148,714	-	3,968	-
Disbursements:							
Current:							
Instruction	-	-	-	129,850	-	-	-
Support services	3,164	-	-	30,176	-	-	4,247
Community services	49,069	2,820	-	1,151	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	52,233	2,820	-	161,177	-	-	4,247
Excess (deficiency) of receipts over disbursements	(11,734)	5,389	2,000	(12,463)	-	3,968	(4,247)
Other financing sources (uses):							
Transfers in	-	-	-	27,774	-	-	-
Transfers out	-	-	-	-	(27,774)	-	-
Total other financing sources (uses)	-	-	-	27,774	(27,774)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,734)	5,389	2,000	15,311	(27,774)	3,968	(4,247)
Cash and investments - beginning	24,844	1,978	-	-	27,774	-	6,029
Cash and investments - ending	<u>\$ 13,110</u>	<u>\$ 7,367</u>	<u>\$ 2,000</u>	<u>\$ 15,311</u>	<u>\$ -</u>	<u>\$ 3,968</u>	<u>\$ 1,782</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 13,110	\$ 7,367	\$ 2,000	\$ 15,311	\$ -	\$ 3,968	\$ 1,782
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 13,110	\$ 7,367	\$ 2,000	\$ 15,311	\$ -	\$ 3,968	\$ 1,782
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,110	7,367	2,000	15,311	-	3,968	1,782
Total cash and investment fund balance - ending	\$ 13,110	\$ 7,367	\$ 2,000	\$ 15,311	\$ -	\$ 3,968	\$ 1,782

NORTHWESTERN CONSOLIDATED 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)

	Title V 2003-2004	Title IV 2003-2004	Title II 2001-2002 Eisenhower	Title II 2000 Eisenhower	Federal Medicaid Reimbursement	Title II 2003-2004 (Tech)
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	2,433	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	2,433	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	1,211	150	1,372	-	2,039
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	1,211	150	1,372	-	2,039
Excess (deficiency) of receipts over disbursements	-	(1,211)	(150)	(1,372)	2,433	(2,039)
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	-	(1,211)	(150)	(1,372)	2,433	(2,039)
Cash and investments - beginning	2,635	1,211	4,555	1,372	8,056	3,321
Cash and investments - ending	\$ 2,635	\$ -	\$ 4,405	\$ -	\$ 10,489	\$ 1,282
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,635	\$ -	\$ 4,405	\$ -	\$ 10,489	\$ 1,282
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,635	\$ -	\$ 4,405	\$ -	\$ 10,489	\$ 1,282
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,635	-	4,405	-	10,489	1,282
Total cash and investment fund balance - ending	\$ 2,635	\$ -	\$ 4,405	\$ -	\$ 10,489	\$ 1,282

NORTHWESTERN CONSOLIDATED 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)

	Title II 2004-2005 (Tech)	Title II Part A 2004-2005	Title II Part A	Debt Service Retirement Severance	TMS/TC Construction Fund	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 125,683	\$ -	\$ 692,667
Intermediate sources	-	-	-	-	-	281
State sources	-	-	-	-	-	87,440
Federal sources	3,807	-	51,850	-	-	334,204
Sale of property, adjustments and refunds	-	-	-	-	-	28,234
Total receipts	<u>3,807</u>	<u>-</u>	<u>51,850</u>	<u>125,683</u>	<u>-</u>	<u>1,142,826</u>
Disbursements:						
Current:						
Instruction	-	21,258	9,025	-	-	196,993
Support services	-	9,280	6,587	-	10,406	769,058
Community services	-	-	-	-	-	53,040
Debt services	-	-	-	186,698	-	186,698
Total disbursements	<u>-</u>	<u>30,538</u>	<u>15,612</u>	<u>186,698</u>	<u>10,406</u>	<u>1,205,789</u>
Excess (deficiency) of receipts over disbursements	<u>3,807</u>	<u>(30,538)</u>	<u>36,238</u>	<u>(61,015)</u>	<u>(10,406)</u>	<u>(62,963)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	143,416
Transfers out	-	-	-	(2,795)	-	(33,998)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,795)</u>	<u>-</u>	<u>109,418</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,807</u>	<u>(30,538)</u>	<u>36,238</u>	<u>(63,810)</u>	<u>(10,406)</u>	<u>46,455</u>
Cash and investments - beginning	<u>-</u>	<u>30,538</u>	<u>-</u>	<u>98,838</u>	<u>10,406</u>	<u>367,255</u>
Cash and investments - ending	<u>\$ 3,807</u>	<u>\$ -</u>	<u>\$ 36,238</u>	<u>\$ 35,028</u>	<u>\$ -</u>	<u>\$ 413,710</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,807	\$ -	\$ 36,238	\$ -	\$ -	\$ 378,682
Restricted assets:						
Cash and investments	-	-	-	35,028	-	35,028
Total cash and investment assets - ending	<u>\$ 3,807</u>	<u>\$ -</u>	<u>\$ 36,238</u>	<u>\$ 35,028</u>	<u>\$ -</u>	<u>\$ 413,710</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 35,028	\$ -	\$ 35,028
Unrestricted	<u>3,807</u>	<u>-</u>	<u>36,238</u>	<u>-</u>	<u>-</u>	<u>378,682</u>
Total cash and investment fund balance - ending	<u>\$ 3,807</u>	<u>\$ -</u>	<u>\$ 36,238</u>	<u>\$ 35,028</u>	<u>\$ -</u>	<u>\$ 413,710</u>

NORTHWESTERN CONSOLIDATED 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

	Pre-School Special Education	School Lunch	Textbook Rental	Levy Excess Fund	Hoosier Heartland Trust	Educational License Plate	Gifted and Talented 2006-2007
Receipts:							
Local sources	\$ 5,205	\$ 319,446	\$ 121,963	\$ -	\$ 53,594	\$ -	\$ -
Intermediate sources	-	-	-	-	-	900	-
State sources	52,009	10,074	13,643	-	-	-	12,968
Federal sources	-	140,750	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	11,702	8,072	-	-	-	-
Total receipts	57,214	481,972	143,678	-	53,594	900	12,968
Disbursements:							
Current:							
Instruction	66,000	-	-	-	-	-	12,066
Support services	7,814	493,710	145,049	-	53,937	-	902
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	73,814	493,710	145,049	-	53,937	-	12,968
Excess (deficiency) of receipts over disbursements	(16,600)	(11,738)	(1,371)	-	(343)	900	-
Other financing sources (uses):							
Transfers in	189	-	-	-	-	-	-
Transfers out	-	-	-	(112,402)	-	-	-
Total other financing sources (uses)	189	-	-	(112,402)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,411)	(11,738)	(1,371)	(112,402)	(343)	900	-
Cash and investments - beginning	68,513	11,774	50,190	112,402	3,312	5,737	-
Cash and investments - ending	\$ 52,102	\$ 36	\$ 48,819	\$ -	\$ 2,969	\$ 6,637	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 52,102	\$ 36	\$ 48,819	\$ -	\$ 2,969	\$ 6,637	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 52,102	\$ 36	\$ 48,819	\$ -	\$ 2,969	\$ 6,637	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	52,102	36	48,819	-	2,969	6,637	-
Total cash and investment fund balance - ending	\$ 52,102	\$ 36	\$ 48,819	\$ -	\$ 2,969	\$ 6,637	\$ -

NORTHWESTERN CONSOLIDATED 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)

	State Medicaid Reimbursement	Non-English Speaking Program	School Technology Fund	Technology Planning Grant	Buddy System Grant	ISIA 1999-2000	Technology Planning Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	39	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	65	-	-	-	-
Total receipts	-	39	65	-	-	-	-
Disbursements:							
Current:							
Instruction	-	34	-	-	-	826	-
Support services	-	-	4,537	785	-	-	205
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	34	4,537	785	-	826	205
Excess (deficiency) of receipts over disbursements	-	5	(4,472)	(785)	-	(826)	(205)
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	-	5	(4,472)	(785)	-	(826)	(205)
Cash and investments - beginning	17,600	34	4,585	785	22	1,129	205
Cash and investments - ending	\$ 17,600	\$ 39	\$ 113	\$ -	\$ 22	\$ 303	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 17,600	\$ 39	\$ 113	\$ -	\$ 22	\$ 303	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 17,600	\$ 39	\$ 113	\$ -	\$ 22	\$ 303	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,600	39	113	-	22	303	-
Total cash and investment fund balance - ending	\$ 17,600	\$ 39	\$ 113	\$ -	\$ 22	\$ 303	\$ -

NORTHWESTERN CONSOLIDATED 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)

	School Age Child Care	Pre-School	Cape Grant	Title I 2006-2007	Title I 2005-2006	Title V 2005-2006	Title V 2006-2007
Receipts:							
Local sources	\$ 38,843	\$ 12,843	\$ 20,019	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	165,426	-	-	2,287
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	38,843	12,843	20,019	165,426	-	-	2,287
Disbursements:							
Current:							
Instruction	-	-	-	118,265	-	-	-
Support services	3,098	-	3,700	31,520	-	3,687	-
Community services	47,388	3,181	17,487	1,233	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	50,486	3,181	21,187	151,018	-	3,687	-
Excess (deficiency) of receipts over disbursements	(11,643)	9,662	(1,168)	14,408	-	(3,687)	2,287
Other financing sources (uses):							
Transfers in	-	-	-	15,311	-	-	-
Transfers out	-	-	-	-	(15,311)	-	-
Total other financing sources (uses)	-	-	-	15,311	(15,311)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,643)	9,662	(1,168)	29,719	(15,311)	(3,687)	2,287
Cash and investments - beginning	13,110	7,367	2,000	-	15,311	3,968	-
Cash and investments - ending	\$ 1,467	\$ 17,029	\$ 832	\$ 29,719	\$ -	\$ 281	\$ 2,287
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,467	\$ 17,029	\$ 832	\$ 29,719	\$ -	\$ 281	\$ 2,287
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,467	\$ 17,029	\$ 832	\$ 29,719	\$ -	\$ 281	\$ 2,287
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,467	17,029	832	29,719	-	281	2,287
Total cash and investment fund balance - ending	\$ 1,467	\$ 17,029	\$ 832	\$ 29,719	\$ -	\$ 281	\$ 2,287

NORTHWESTERN CONSOLIDATED 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 2004-2005	Title V 2003-2004	Title II 2001-2002 Eisenhower	Federal Medicaid Reimbursement	Project Lead The Way	Title II 2003-2004 (Tech)
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	1,782	2,635	70	-	5,228	1,282
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,782	2,635	70	-	5,228	1,282
Excess (deficiency) of receipts over disbursements	(1,782)	(2,635)	(70)	-	(5,228)	(1,282)
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	(1,782)	(2,635)	(70)	-	(5,228)	(1,282)
Cash and investments - beginning	1,782	2,635	4,405	10,489	-	1,282
Cash and investments - ending	\$ -	\$ -	\$ 4,335	\$ 10,489	\$ (5,228)	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 4,335	\$ 10,489	\$ (5,228)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 4,335	\$ 10,489	\$ (5,228)	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	4,335	10,489	(5,228)	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 4,335	\$ 10,489	\$ (5,228)	\$ -

NORTHWESTERN CONSOLIDATED 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 2005-2006 (Tech)	Title II 2004-2005 (Tech)	Title II Part A	Title II 2005-2006	Debt Service Retirement Severance	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 36,363	\$ 608,276
Intermediate sources	-	-	-	-	-	900
State sources	-	-	-	-	-	88,733
Federal sources	2,931	-	-	50,654	-	362,048
Bonds and loans	-	-	-	-	50,000	50,000
Sale of property, adjustments and refunds	-	-	-	-	-	19,839
Total receipts	2,931	-	-	50,654	86,363	1,129,796
Disbursements:						
Current:						
Instruction	-	-	21,505	8,790	-	227,486
Support services	2,695	3,807	14,733	6,077	-	787,253
Community services	-	-	-	-	-	69,289
Debt services	-	-	-	-	123,873	123,873
Total disbursements	2,695	3,807	36,238	14,867	123,873	1,207,901
Excess (deficiency) of receipts over disbursements	236	(3,807)	(36,238)	35,787	(37,510)	(78,105)
Other financing sources (uses):						
Transfers in	-	-	-	-	2,795	18,295
Transfers out	-	-	-	-	-	(127,713)
Total other financing sources (uses)	-	-	-	-	2,795	(109,418)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	236	(3,807)	(36,238)	35,787	(34,715)	(187,523)
Cash and investments - beginning	-	3,807	36,238	-	35,028	413,710
Cash and investments - ending	\$ 236	\$ -	\$ -	\$ 35,787	\$ 313	\$ 226,187
Cash and Investment Assets - Ending						
Cash and investments	\$ 236	\$ -	\$ -	\$ 35,787	\$ -	\$ 225,874
Restricted assets:						
Cash and investments	-	-	-	-	313	313
Total cash and investment assets - ending	\$ 236	\$ -	\$ -	\$ 35,787	\$ 313	\$ 226,187
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 313	\$ 313
Unrestricted	236	-	-	35,787	-	225,874
Total cash and investment fund balance - ending	\$ 236	\$ -	\$ -	\$ 35,787	\$ 313	\$ 226,187

NORTHWESTERN CONSOLIDATED 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

	<u>McDonald Grant</u>	<u>Blue River Foundation Tech Grant</u>	<u>Donation Grant</u>	<u>Safe Haven Grant 2004</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 654	\$ -	\$ 654
Deductions:					
Administrative and general	-	-	654	5,124	5,778
Deficiency of total additions over total deductions	-	-	-	(5,124)	(5,124)
Cash and investment fund balance - beginning	<u>12</u>	<u>59</u>	<u>473</u>	<u>5,694</u>	<u>6,238</u>
Cash and Investments - June 30	<u>\$ 12</u>	<u>\$ 59</u>	<u>\$ 473</u>	<u>\$ 570</u>	<u>\$ 1,114</u>
Net assets:					
Cash and investments	<u>\$ 12</u>	<u>\$ 59</u>	<u>\$ 473</u>	<u>\$ 570</u>	<u>\$ 1,114</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12</u>	<u>\$ 59</u>	<u>\$ 473</u>	<u>\$ 570</u>	<u>\$ 1,114</u>

NORTHWESTERN CONSOLIDATED 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

	<u>McDonald Grant</u>	<u>Blue River Foundation Tech Grant</u>	<u>Donation Grant</u>	<u>Safe Haven 2004</u>	<u>Totals</u>
Deductions:					
Administrative and general	\$ -	\$ 30	\$ 198	\$ 570	\$ 798
Deficiency of total additions over total deductions	-	(30)	(198)	(570)	(798)
Cash and investment fund balance - beginning	<u>12</u>	<u>59</u>	<u>473</u>	<u>570</u>	<u>1,114</u>
Cash and Investments - June 30	<u>\$ 12</u>	<u>\$ 29</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 316</u>
Net assets:					
Cash and investments	<u>\$ 12</u>	<u>\$ 29</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 316</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12</u>	<u>\$ 29</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 316</u>

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Year Ended 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	\$ 222,402
Buildings	33,933,544
Improvements other than buildings	1,234,055
Machinery and equipment	<u>4,443,725</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 39,833,726</u>

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended 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:		
Middle School/Elementary Building	\$ 125,000	\$ 125,000
Middle School/High School Improvements	2,770,000	315,000
Middle School Energy Savings Improvements	1,468,555	200,646
High School Energy Savings Improvements	141,390	44,987
Notes and loans payable	562,500	75,000
Bonds payable:		
General obligation bonds:		
Retirement Severance Bonds	<u>1,075,000</u>	<u>70,000</u>
Total governmental activities debt	<u>\$ 6,142,445</u>	<u>\$ 830,633</u>

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

GUARANTEED ENERGY SAVINGS CONTRACTS

Triton Central High School

The Northwestern Consolidated School Corporation entered into a guaranteed energy savings contract with Energy Systems Group, LLC, on April 26, 2000. The total amount of the contract was \$665,000. The total amount of guaranteed energy savings was \$87,500. The total amount of guaranteed stipulated and agreed upon operational savings was \$577,500. The "stipulated and agreed upon" operational savings were "considered fully satisfied upon the Owner's final acceptance of the project." There was no information presented for examination to document "stipulated and agreed upon" operational savings.

The High School Project has contract requirements which include full lighting upgrade, well water pressure tank replacement, fresh water well cleaning and refurbishing, certain HVAC and control repair and replacement, revised air handling ductwork system, and repair and replacement of air handling unit controls.

Triton Middle School

The Northwestern Consolidated School Corporation entered into a guaranteed energy savings contract with Energy Systems Group, LLC, on January 8, 2003. The total amount of the contract was \$2,350,559. The total amount of guaranteed energy savings was \$375,600. The total amount of guaranteed operational savings was \$2,632,055. The parties stipulate and agree that the energy and operational savings were "considered fully satisfied upon the Owner's final acceptance of the project." There was no information presented for examination to document "stipulated and agreed upon" operational savings.

The Middle School Project has contract requirements which include installation of a new front-end workstation with full communications network, boiler control, chiller control, pump control, AHU control, unit ventilator control, exhaust fan control, and a new boiler room.

Statutory and Other Compliance Guideline Provisions

The Public Works Law, Indiana Code 36-1-12-1(e), states in part: "As an alternative to this chapter, the governing body . . . may . . . enter into a guaranteed energy savings contract as permitted under IC 36-1-12.5."

Effective March 21, 2002, Indiana Code 36-1-12.5-1 states in part:

"As used in this chapter, 'energy conservation measure' means a school facility alteration or an alteration of a structure (as defined in IC 36-1-10-2) designed to reduce energy consumption costs or other operating costs . . . including future:

- (A) labor costs;
- (B) costs for contracted services; and
- (C) related capital expenditures."

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-12.5-5(a) concerning energy savings contracts states in part: "The governing body may enter into . . . a guaranteed energy savings contract with a qualified provider to reduce the school corporation's or the political subdivision's energy consumption costs or operating costs if, after review of the report described in section 6 of this chapter, the governing body finds: (1) that the amount the governing body would spend on the energy conservation measures under the contract and that are recommended in the report is not likely to exceed the amount to be saved in energy consumption costs and other operating costs over ten (10) years from the date of installation if the recommendations in the report were followed; and (2) in the case of a guaranteed energy savings contract, the qualified provider provides a written guarantee as described in subsection (d)(2)."

Indiana Code 36-1-12.5-5(d) states in part "An agreement to participate in . . . guaranteed energy savings contract under this section must provide that: . . . (2) in the case of the guaranteed energy savings contract: (A) the savings in energy and operating costs due to the energy conservation measures are guaranteed to cover the costs of the payments for the measures; and (B) the qualified provider will reimburse the school corporation or political subdivision for the difference between the guaranteed savings and the actual savings . . ."

Effective March 21, 2002, Indiana Code 36-1-12.5-0.5 states: "As used in this chapter, 'actual savings' includes stipulated savings."

Indiana Code 36-1-12.5-0.7 states: "As used in this chapter, 'causally connected work' means work that is required to properly implement an energy conservation measure."

Indiana Code 36-1-12.5-3.7 states in part: "As used in this chapter, 'stipulated savings' are assumed savings that are documented by industry engineering standards."

Indiana Code 36-1-12.5-11 states in part:

- "(a) A guaranteed energy savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards.
- (b) Stipulated savings may be used for energy conservation measures including . . .
 - (9) Any work that is causally connected to the energy conservation measures listed in subdivisions (1) through (8).
- (c) The guaranteed energy savings contract shall:
 - (1) describe stipulated savings for:
 - (A) energy conservation measures; and
 - (B) work causally connected to the energy conservation measures; and
 - (2) document assumptions by industry engineering standards."

Repayment of Costs in Excess of Savings

Northwestern Consolidated School Corporation Officials conveyed that the items shown as "agreed upon" or "stipulated savings" have been predetermined. Furthermore, Northwestern Consolidated School Corporation Officials do not have available for examination and conveyed they do not plan

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

in the future to have any additional information to document actual operating or energy savings. Accordingly, with due regards for the remaining contract time for which information may be presented to document actual operating and energy savings (effective March 21, 2002, "stipulated savings" documented by "industry engineering standards"), the Northwestern Consolidated School Corporation should request reimbursement from Energy Systems Group, LLC for costs which did not result in an actual reduction of energy consumption costs or other operating costs (or effective March 21, 2002, stipulated savings which were not supported by "industry engineering standards") at the end of the contract term in accordance with Indiana Code 36-1-12.5-5(d)(2)(B).

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not adequately itemized.
2. Claims or invoices did not have evidence to support receipt of goods or services.
3. Claims were not always paid timely resulting in late fees of \$796 being paid.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMAS

The number of students reported to the Department of Education as having received an honor diploma for the school year 2004-2005 reported in 2005-2006 was overstated by one student.

<u>School Year</u>	<u>Honors Diplomas Reported on Form 30A</u>	<u>Actual Honors Diplomas Per School Records</u>	<u>Difference</u>
2005-2006	32	31	1
2006-2007	32	31	0

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)

PRESCRIBED FORMS

The School Corporation was not using Prescribed Form 515 to calculate transfer tuition fees. No calculation of actual expenditures had been done since the 2004-2005 school year.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ATTENDANCE RECORDS

Time records for employees in the Superintendent's office did not show evidence of approval by the Superintendent. Additionally, the Treasurer was being compensated for hours worked at home. No evidence was provided to distinguish between hours worked at home and hours worked in the office. No School Board policy existed approving this practice.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

Payments for transfer tuition students were not always collected. \$33,505 of transfer tuition payments were not collected at June 30, 2007.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2008, with Mary Geisting, Superintendent of Schools; Julie Glesing, Treasurer; Dr. Larry G. Moore, former Superintendent of Schools; and Rick Persinger, School Board member.