

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

EXAMINATION REPORT
OF
NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
TIPTON COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/09/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sue Schockney	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Lee Williford	07-01-06 to 06-30-09
President of the School Board	Michael Harlow	07-01-06 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTHERN COMMUNITY SCHOOLS
OF TIPTON COUNTY, TIPTON COUNTY, INDIANA

We have examined the financial information presented herein of the Northern Community Schools of Tipton County (School Corporation), for the period of July 1, 2006 to June 30, 2008. 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, 2007 and 2008, 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

January 12, 2009

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 4,047,079	\$ -	\$ 37,313	\$ (4,009,766)	
Support services	3,295,702	320,059	84,136	(2,891,507)	
Community services	132,764	-	-	(132,764)	
Nonprogrammed charges	215,514	-	-	(215,514)	
Debt service	1,135,908	-	-	(1,135,908)	
Total governmental activities	<u>\$ 8,826,967</u>	<u>\$ 320,059</u>	<u>\$ 121,449</u>	<u>(8,385,459)</u>	
General receipts:					
Property taxes				3,907,149	
Other local sources				1,034,987	
State aid				4,087,696	
Grants and contributions not restricted to specific programs				225,779	
Sale of property, adjustments, and refunds				19,401	
Investment earnings				176,317	
Total general receipts				<u>9,451,329</u>	
Change in net assets				1,065,870	
Net assets - beginning				<u>3,688,785</u>	
Net assets - ending				<u>\$ 4,754,655</u>	
<u>Assets</u>					
Cash and investments				\$ 4,133,829	
Restricted assets:					
Cash and investments				<u>620,826</u>	
Total assets				<u>\$ 4,754,655</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 620,826	
Unrestricted				<u>4,133,829</u>	
Total net assets				<u>\$ 4,754,655</u>	

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 4,196,394	\$ -	\$ 63,708	\$ (4,132,686)	
Support services	3,749,757	318,679	141,251	(3,289,827)	
Community services	149,358	-	-	(149,358)	
Nonprogrammed charges	243,312	-	-	(243,312)	
Debt service	1,148,578	-	-	(1,148,578)	
Total governmental activities	\$ 9,487,399	\$ 318,679	\$ 204,959	(8,963,761)	
General receipts:					
Property taxes				2,498,005	
Other local sources				619,046	
State aid				3,799,534	
Grants and contributions not restricted to specific programs				252,317	
Sale of property, adjustments, and refunds				29,656	
Investment earnings				121,892	
Total general receipts				7,320,450	
Change in net assets				(1,643,311)	
Net assets - beginning				4,754,657	
Net assets - ending				\$ 3,111,346	
<u>Assets</u>					
Cash and investments				\$ 2,854,513	
Restricted assets:					
Cash and investments				256,833	
Total assets				\$ 3,111,346	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 256,833	
Unrestricted				2,854,513	
Total net assets				\$ 3,111,346	

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 2,266,656	\$ 548,732	\$ 193,382	\$ 937,504	\$ 800,881	\$ 76,218	\$ 614,650	\$ 5,438,023
Intermediate sources	-	-	-	-	-	-	488	488
State sources	4,112,775	-	-	-	-	-	70,443	4,183,218
Federal sources	-	-	-	-	-	-	251,707	251,707
Sale of property, adjustments and refunds	18,781	-	-	-	-	-	620	19,401
Total receipts	6,398,212	548,732	193,382	937,504	800,881	76,218	937,908	9,892,837
Disbursements:								
Current:								
Instruction	3,853,234	-	-	-	-	-	193,845	4,047,079
Support services	1,536,056	508,266	-	-	829,380	74,807	347,193	3,295,702
Community services	131,633	-	-	-	-	-	1,131	132,764
Nonprogrammed charges	170,803	-	-	-	-	-	44,711	215,514
Debt services	-	-	-	912,000	-	-	223,908	1,135,908
Total disbursements	5,691,726	508,266	-	912,000	829,380	74,807	810,788	8,826,967
Excess (deficiency) of receipts over disbursements	706,486	40,466	193,382	25,504	(28,499)	1,411	127,120	1,065,870
Other financing sources (uses):								
Transfers in	49,059	-	650,000	-	-	-	6,762	705,821
Transfers out	(652,552)	(254)	-	(490)	(449)	(35)	(52,041)	(705,821)
Total other financing sources (uses)	(603,493)	(254)	650,000	(490)	(449)	(35)	(45,279)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	102,993	40,212	843,382	25,014	(28,948)	1,376	81,841	1,065,870
Cash and investments - beginning	1,450,662	3,299	-	521,044	1,325,440	48,262	340,078	3,688,785
Cash and investments - ending	\$ 1,553,655	\$ 43,511	\$ 843,382	\$ 546,058	\$ 1,296,492	\$ 49,638	\$ 421,919	\$ 4,754,655
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,553,655	\$ 43,511	\$ 843,382	\$ -	\$ 1,296,492	\$ 49,638	\$ 347,151	\$ 4,133,829
Restricted assets:								
Cash and investments	-	-	-	546,058	-	-	74,768	620,826
Total cash and investment assets - ending	\$ 1,553,655	\$ 43,511	\$ 843,382	\$ 546,058	\$ 1,296,492	\$ 49,638	\$ 421,919	\$ 4,754,655
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 546,058	\$ -	\$ -	\$ 74,768	\$ 620,826
Unrestricted	1,553,655	43,511	843,382	-	1,296,492	49,638	347,151	4,133,829
Total cash and investment fund balance - ending	\$ 1,553,655	\$ 43,511	\$ 843,382	\$ 546,058	\$ 1,296,492	\$ 49,638	\$ 421,919	\$ 4,754,655

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,500,023	\$ 384,419	\$ 39,915	\$ 590,388	\$ 487,194	\$ 53,284	\$ 502,176	\$ 3,557,399
Intermediate sources	-	-	-	-	-	-	225	225
State sources	3,831,138	-	-	-	-	-	97,079	3,928,217
Federal sources	-	-	-	-	-	-	328,594	328,594
Sale of property, adjustments and refunds	<u>25,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,541</u>	<u>-</u>	<u>1,046</u>	<u>29,655</u>
Total receipts	<u>5,356,229</u>	<u>384,419</u>	<u>39,915</u>	<u>590,388</u>	<u>490,735</u>	<u>53,284</u>	<u>929,120</u>	<u>7,844,090</u>
Disbursements:								
Current:								
Instruction	3,939,865	-	-	-	-	-	256,529	4,196,394
Support services	1,826,245	566,846	-	-	910,881	52,195	393,590	3,749,757
Community services	147,180	-	-	-	-	-	2,178	149,358
Nonprogrammed charges	195,216	-	-	-	-	-	48,096	243,312
Debt services	<u>-</u>	<u>-</u>	<u>-</u>	<u>928,500</u>	<u>-</u>	<u>-</u>	<u>220,078</u>	<u>1,148,578</u>
Total disbursements	<u>6,108,506</u>	<u>566,846</u>	<u>-</u>	<u>928,500</u>	<u>910,881</u>	<u>52,195</u>	<u>920,471</u>	<u>9,487,399</u>
Excess (deficiency) of receipts over disbursements	<u>(752,277)</u>	<u>(182,427)</u>	<u>39,915</u>	<u>(338,112)</u>	<u>(420,146)</u>	<u>1,089</u>	<u>8,649</u>	<u>(1,643,309)</u>
Other financing sources (uses):								
Transfers in	2,408	-	-	-	-	-	5,645	8,053
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,053)</u>	<u>(8,053)</u>
Total other financing sources (uses)	<u>2,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,408)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(749,869)	(182,427)	39,915	(338,112)	(420,146)	1,089	6,241	(1,643,309)
Cash and investments - beginning	<u>1,553,655</u>	<u>43,511</u>	<u>843,382</u>	<u>546,058</u>	<u>1,296,492</u>	<u>49,638</u>	<u>421,919</u>	<u>4,754,655</u>
Cash and investments - ending	<u>\$ 803,786</u>	<u>\$ (138,916)</u>	<u>\$ 883,297</u>	<u>\$ 207,946</u>	<u>\$ 876,346</u>	<u>\$ 50,727</u>	<u>\$ 428,160</u>	<u>\$ 3,111,346</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 803,786	\$ (138,916)	\$ 883,297	\$ -	\$ 876,346	\$ 50,727	\$ 379,273	\$ 2,854,513
Restricted assets:								
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,946</u>	<u>-</u>	<u>-</u>	<u>48,887</u>	<u>256,833</u>
Total cash and investment assets - ending	<u>\$ 803,786</u>	<u>\$ (138,916)</u>	<u>\$ 883,297</u>	<u>\$ 207,946</u>	<u>\$ 876,346</u>	<u>\$ 50,727</u>	<u>\$ 428,160</u>	<u>\$ 3,111,346</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 207,946	\$ -	\$ -	\$ 48,887	\$ 256,833
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	<u>803,786</u>	<u>(138,916)</u>	<u>883,297</u>	<u>-</u>	<u>876,346</u>	<u>50,727</u>	<u>379,273</u>	<u>2,854,513</u>
Total cash and investment fund balance - ending	<u>\$ 803,786</u>	<u>\$ (138,916)</u>	<u>\$ 883,297</u>	<u>\$ 207,946</u>	<u>\$ 876,346</u>	<u>\$ 50,727</u>	<u>\$ 428,160</u>	<u>\$ 3,111,346</u>

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 3,850
Deductions:		
Benefits	53,130	-
Administrative and general	-	2,850
Total deductions	53,130	2,850
Excess (deficiency) of total additions over total deductions	(53,130)	1,000
Cash and investment fund balance - beginning	455,968	3,000
Cash and investment fund balance - ending	\$ 402,838	\$ 4,000
Net assets:		
Cash and investments	\$ 402,838	\$ 4,000
Total net assets - cash and investment basis held in trust	\$ 402,838	\$ 4,000

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 57,150
Deductions:		
Benefits	22,887	-
Administrative and general	<u>-</u>	<u>61,150</u>
Total deductions	<u>22,887</u>	<u>61,150</u>
Deficiency of total additions over total deductions	(22,887)	(4,000)
Cash and investment fund balance - beginning	<u>402,838</u>	<u>4,000</u>
Cash and investment fund balance - ending	<u>\$ 379,951</u>	<u>\$ -</u>
Net assets:		
Cash and investments	<u>\$ 379,951</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 379,951</u>	<u>\$ -</u>

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Northern Community Schools of Tipton County

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the proceeds of a bond issue, which are used to accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of Northern Community Schools of Tipton County.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Property Taxes

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

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$3,722,404. These bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Rainy Day fund	\$ 650,000	\$ -
	Other governmental funds	2,552	-
Transportation Fund	Other governmental funds	254	-
Debt Service Fund	Other governmental funds	490	-
Capital Projects Fund	Other governmental funds	449	-
School Bus Replacement Fund	Other governmental funds	35	-
All others	General Fund	49,059	2,408
	Other governmental funds	2,982	5,645
Totals		<u>\$ 705,821</u>	<u>\$ 8,053</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Northern Tipton Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the 2007-2008 school year totaled \$928,000.

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 42,364
Interest on net pension obligation	(3,242)
Adjustment to annual required contribution	3,694
Annual pension cost	42,816
Contributions made	19,834
Increase in net pension obligation	22,982
Net pension obligation, beginning of year	(44,717)
Net pension obligation, end of year	\$ (21,735)
Contribution rates:	
School Corporation	4.75%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 20,707	87%	\$ (41,876)
	06-30-06	17,039	117%	(44,717)
	06-30-07	42,816	46%	(21,735)

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 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 Pre-school	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven
Receipts:						
Local sources	\$ 5,587	\$ 248,871	\$ 57,685	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	488	-
State sources	43,514	3,827	10,117	-	-	750
Federal sources	-	70,192	-	-	-	-
Sale of property, adjustments and refunds	-	-	620	-	-	-
Total receipts	<u>49,101</u>	<u>322,890</u>	<u>68,422</u>	<u>-</u>	<u>488</u>	<u>750</u>
Disbursements:						
Current:						
Instruction	481	-	-	-	-	839
Support services	-	295,004	29,895	-	350	750
Community services	-	-	-	-	300	-
Nonprogrammed charges	44,711	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>45,192</u>	<u>295,004</u>	<u>29,895</u>	<u>-</u>	<u>650</u>	<u>1,589</u>
Excess (deficiency) of receipts over disbursements	<u>3,909</u>	<u>27,886</u>	<u>38,527</u>	<u>-</u>	<u>(162)</u>	<u>(839)</u>
Other financing sources (uses):						
Transfers in	-	-	-	2,408	-	-
Transfers out	(3)	-	-	(47,559)	-	-
Total other financing sources (uses)	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(45,151)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,906	27,886	38,527	(45,151)	(162)	(839)
Cash and investments - beginning	<u>51,567</u>	<u>119,534</u>	<u>49,201</u>	<u>47,559</u>	<u>838</u>	<u>839</u>
Cash and investments - ending	<u>\$ 55,473</u>	<u>\$ 147,420</u>	<u>\$ 87,728</u>	<u>\$ 2,408</u>	<u>\$ 676</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 55,473	\$ 147,420	\$ 87,728	\$ 2,408	\$ 676	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 55,473</u>	<u>\$ 147,420</u>	<u>\$ 87,728</u>	<u>\$ 2,408</u>	<u>\$ 676</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>55,473</u>	<u>147,420</u>	<u>87,728</u>	<u>2,408</u>	<u>676</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 55,473</u>	<u>\$ 147,420</u>	<u>\$ 87,728</u>	<u>\$ 2,408</u>	<u>\$ 676</u>	<u>\$ -</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 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)

	Gifted and Talented 2005-2006	Gifted and Talented 2006-2007	Non-English Speaking Programs 2006-2007	Cape Grant	EDS Technology Grant	Recognition Award Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 4,350
Intermediate sources	-	-	-	-	-	-
State sources	-	11,942	293	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	11,942	293	-	5,000	4,350
Disbursements:						
Current:						
Instruction	6,726	6,171	293	6,135	-	-
Support services	-	-	-	9,175	-	1,844
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	6,726	6,171	293	15,310	-	1,844
Excess (deficiency) of receipts over disbursements	(6,726)	5,771	-	(15,310)	5,000	2,506
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	(6,726)	5,771	-	(15,310)	5,000	2,506
Cash and investments - beginning	6,726	-	-	28,437	-	5,768
Cash and investments - ending	\$ -	\$ 5,771	\$ -	\$ 13,127	\$ 5,000	\$ 8,274
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 5,771	\$ -	\$ 13,127	\$ 5,000	\$ 8,274
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 5,771	\$ -	\$ 13,127	\$ 5,000	\$ 8,274
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,771	-	13,127	5,000	8,274
Total cash and investment fund balance - ending	\$ -	\$ 5,771	\$ -	\$ 13,127	\$ 5,000	\$ 8,274

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 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)

	P.L. 107-110 Title I 2006	P.L. 107-110 Title I 2007	Innovative Education Program Strategies 2005-2006	Innovative Education Program Strategies 2006-2007	Title I Migrant 2006-2007	Drug Free Schools 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	112,355	-	1,542	28,000	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	112,355	-	1,542	28,000	-
Disbursements:						
Current:						
Instruction	5,060	104,780	-	-	25,239	-
Support services	-	-	2,504	1,542	2,542	545
Community services	-	612	-	-	219	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	5,060	105,392	2,504	1,542	28,000	545
Excess (deficiency) of receipts over disbursements	(5,060)	6,963	(2,504)	-	-	(545)
Other financing sources (uses):						
Transfers in	-	4,354	-	-	-	-
Transfers out	(4,354)	-	-	-	-	-
Total other financing sources (uses)	(4,354)	4,354	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,414)	11,317	(2,504)	-	-	(545)
Cash and investments - beginning	9,414	-	2,504	-	-	545
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 11,317	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 11,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	11,317	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 11,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 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)

	Drug Free Schools 2006-2007	Title II A 2005-2006	Title II D 2004-2005	Title III English Proficiency	Retirement Severance/ Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 293,157	\$ 614,650
Intermediate sources	-	-	-	-	-	488
State sources	-	-	-	-	-	70,443
Federal sources	3,042	34,850	-	1,726	-	251,707
Sale of property, adjustments and refunds	-	-	-	-	-	620
Total receipts	<u>3,042</u>	<u>34,850</u>	<u>-</u>	<u>1,726</u>	<u>293,157</u>	<u>937,908</u>
Disbursements:						
Current:						
Instruction	-	36,026	369	1,726	-	193,845
Support services	3,042	-	-	-	-	347,193
Community services	-	-	-	-	-	1,131
Nonprogrammed charges	-	-	-	-	-	44,711
Debt services	-	-	-	-	223,908	223,908
Total disbursements	<u>3,042</u>	<u>36,026</u>	<u>369</u>	<u>1,726</u>	<u>223,908</u>	<u>810,788</u>
Excess (deficiency) of receipts over disbursements	-	(1,176)	(369)	-	69,249	127,120
Other financing sources (uses):						
Transfers in	-	-	-	-	-	6,762
Transfers out	-	-	-	-	(125)	(52,041)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>(45,279)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,176)	(369)	-	69,124	81,841
Cash and investments - beginning	-	11,133	369	-	5,644	340,078
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,768</u>	<u>\$ 421,919</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 9,957	\$ -	\$ -	\$ -	\$ 347,151
Restricted assets:						
Cash and investments	-	-	-	-	74,768	74,768
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 9,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,768</u>	<u>\$ 421,919</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 74,768	\$ 74,768
Unrestricted	-	9,957	-	-	-	347,151
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 9,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,768</u>	<u>\$ 421,919</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
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 For the Year Ended June 30, 2008

	Special Education Pre-school	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven
Receipts:						
Local sources	\$ 4,057	\$ 245,728	\$ 47,870	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	225	-
State sources	37,841	3,367	23,016	-	-	750
Federal sources	-	114,868	-	-	-	-
Sale of property, adjustments and refunds	-	-	1,046	-	-	-
Total receipts	41,898	363,963	71,932	-	225	750
Disbursements:						
Current:						
Instruction	339	-	-	-	-	-
Support services	-	351,403	25,072	-	298	750
Community services	-	-	-	-	565	-
Nonprogrammed charges	48,096	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	48,435	351,403	25,072	-	863	750
Excess (deficiency) of receipts over disbursements	(6,537)	12,560	46,860	-	(638)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(2,408)	-	-
Total other financing sources (uses)	-	-	-	(2,408)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,537)	12,560	46,860	(2,408)	(638)	-
Cash and investments - beginning	55,473	147,420	87,728	2,408	676	-
Cash and investments - ending	\$ 48,936	\$ 159,980	\$ 134,588	\$ -	\$ 38	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 48,936	\$ 159,980	\$ 134,588	\$ -	\$ 38	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 48,936	\$ 159,980	\$ 134,588	\$ -	\$ 38	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	48,936	159,980	134,588	-	38	-
Total cash and investment fund balance - ending	\$ 48,936	\$ 159,980	\$ 134,588	\$ -	\$ 38	\$ -

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Gifted and Talented 2006-2007	Gifted and Talented 2007-2008	Non-English Speaking Programs 2007-2008	Cape Grant	Tipton Foundation Grant	EDS Technology Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,980	\$ 1,500
Intermediate sources	-	-	-	-	-	-
State sources	-	29,672	2,433	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	29,672	2,433	-	1,980	1,500
Disbursements:						
Current:						
Instruction	5,771	29,672	2,433	2,373	-	5,000
Support services	-	-	-	-	1,980	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	5,771	29,672	2,433	2,373	1,980	5,000
Excess (deficiency) of receipts over disbursements	(5,771)	-	-	(2,373)	-	(3,500)
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	(5,771)	-	-	(2,373)	-	(3,500)
Cash and investments - beginning	5,771	-	-	13,127	-	5,000
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 10,754	\$ -	\$ 1,500
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 10,754	\$ -	\$ 1,500
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 10,754	\$ -	\$ 1,500
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	10,754	-	1,500
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 10,754	\$ -	\$ 1,500

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Pioneer/ Smart Board Grant	Recognition Award Grant	Title I 2007-2008	P.L. 107-110 ECIA Title I 2007	P.L. 107-110 ECIA Title I Migrant
Receipts:					
Local sources	\$ 2,314	\$ 4,530	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	127,910	-	45,334
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	2,314	4,530	127,910	-	45,334
Disbursements:					
Current:					
Instruction	-	-	121,304	5,672	41,950
Support services	-	7,032	-	-	2,271
Community services	-	-	500	-	1,113
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	-	7,032	121,804	5,672	45,334
Excess (deficiency) of receipts over disbursements	2,314	(2,502)	6,106	(5,672)	-
Other financing sources (uses):					
Transfers in	-	-	5,645	-	-
Transfers out	-	-	-	(5,645)	-
Total other financing sources (uses)	-	-	5,645	(5,645)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,314	(2,502)	11,751	(11,317)	-
Cash and investments - beginning	-	8,274	-	11,317	-
Cash and investments - ending	<u>\$ 2,314</u>	<u>\$ 5,772</u>	<u>\$ 11,751</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,314	\$ 5,772	\$ 11,751	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,314</u>	<u>\$ 5,772</u>	<u>\$ 11,751</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,314	5,772	11,751	-	-
Total cash and investment fund balance - ending	<u>\$ 2,314</u>	<u>\$ 5,772</u>	<u>\$ 11,751</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Drug Free Schools 2007-2008	Title II A 2005-2006	Title III Language Instruction	Retirement Severance/ Bond	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 194,197	\$ 502,176
Intermediate sources	-	-	-	-	225
State sources	-	-	-	-	97,079
Federal sources	2,961	35,096	2,425	-	328,594
Sale of property, adjustments and refunds	-	-	-	-	1,046
Total receipts	2,961	35,096	2,425	194,197	929,120
Disbursements:					
Current:					
Instruction	-	41,691	324	-	256,529
Support services	2,683	-	2,101	-	393,590
Community services	-	-	-	-	2,178
Nonprogrammed charges	-	-	-	-	48,096
Debt services	-	-	-	220,078	220,078
Total disbursements	2,683	41,691	2,425	220,078	920,471
Excess (deficiency) of receipts over disbursements	278	(6,595)	-	(25,881)	8,649
Other financing sources (uses):					
Transfers in	-	-	-	-	5,645
Transfers out	-	-	-	-	(8,053)
Total other financing sources (uses)	-	-	-	-	(2,408)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	278	(6,595)	-	(25,881)	6,241
Cash and investments - beginning	-	9,957	-	74,768	421,919
Cash and investments - ending	<u>\$ 278</u>	<u>\$ 3,362</u>	<u>\$ -</u>	<u>\$ 48,887</u>	<u>\$ 428,160</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 278	\$ 3,362	\$ -	\$ -	\$ 379,273
Restricted assets:					
Cash and investments	-	-	-	48,887	48,887
Total cash and investment assets - ending	<u>\$ 278</u>	<u>\$ 3,362</u>	<u>\$ -</u>	<u>\$ 48,887</u>	<u>\$ 428,160</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 48,887	\$ 48,887
Unrestricted	278	3,362	-	-	379,273
Total cash and investment fund balance - ending	<u>\$ 278</u>	<u>\$ 3,362</u>	<u>\$ -</u>	<u>\$ 48,887</u>	<u>\$ 428,160</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	<u>Contracted Bus Driver Cash</u>	<u>Tipton County Schools First Day 07-08</u>	<u>WVEC Wireless Internet Access</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ -	\$ 1,000	\$ 2,850	\$ 3,850
Deductions:				
Administrative and general	-	-	2,850	2,850
Excess (deficiency) of total additions over total deductions	-	1,000	-	1,000
Cash and investment fund balance - beginning	<u>3,000</u>	-	-	<u>3,000</u>
Cash and Investments - June 30	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>
Net assets:				
Cash and investments	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Contracted Bus Driver Cash	Tipton County Schools First Day 07-08	WVEC Wireless Internet Access	Totals
Additions:				
Contributions:				
Other	\$ -	\$ 3,000	\$ 54,150	\$ 57,150
Deductions:				
Administrative and general	3,000	4,000	54,150	61,150
Excess (deficiency) of total additions over total deductions	(3,000)	(1,000)	-	(4,000)
Cash and investment fund balance - beginning	3,000	1,000	-	4,000
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:				
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2008

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 60,000
Buildings	16,904,070
Improvements other than buildings	1,279,097
Machinery and equipment	<u>881,784</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 19,124,951</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The school corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School buildings and improvements	\$ 11,010,000	\$ 940,000
Bonds payable:		
General obligation bonds:		
Pension benefits	<u>2,210,000</u>	<u>225,881</u>
Total governmental activities debt	<u>\$ 13,220,000</u>	<u>\$ 1,165,881</u>

NORTHERN COMMUNITY SCHOOLS OF TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2009, with Dr. Lee Williford, Superintendent of Schools; and Sue Schockney, Treasurer. Our audit disclosed no material items that warrant comment at this time.