

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

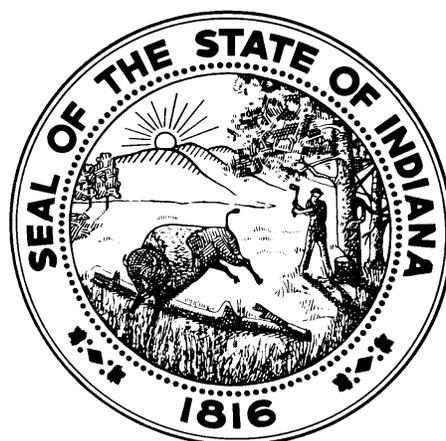
AUDIT REPORT

OF

NORTH LAWRENCE COMMUNITY SCHOOLS

LAWRENCE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

04/15/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy R. Lumley	07-01-06 to 01-26-07
	Debra L. Ryan (Interim)	01-27-07 to 04-01-07
	Kimberly L. Chattin	04-02-07 to 07-20-07
	Debra L. Ryan (Interim)	07-21-07 to 08-12-07
	Jennie Edwards	08-13-07 to 06-30-09
Superintendent of Schools	Dr. Dennis D. Turner	07-01-06 to 06-30-11
President of the School Board	Gary Holmes	01-01-05 to 01-10-07
	J. Scott Gillespie	01-11-07 to 01-07-09
	Brad Flinn	01-08-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY SCHOOLS,
LAWRENCE COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated March 17, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

STATE BOARD OF ACCOUNTS

March 17, 2009



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

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY SCHOOLS,
LAWRENCE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Lawrence Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

March 17, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 25,282,224	\$ -	\$ 169,259	\$ (25,112,965)
Support services	22,058,696	1,503,600	933,836	(19,621,260)
Community services	280,898	-	-	(280,898)
Nonprogrammed charges	3,882,150	-	-	(3,882,150)
Debt service	<u>5,076,312</u>	<u>-</u>	<u>-</u>	<u>(5,076,312)</u>
Total governmental activities	<u>\$ 56,580,280</u>	<u>\$ 1,503,600</u>	<u>\$ 1,103,095</u>	<u>(53,973,585)</u>
General receipts:				
Property taxes				13,222,035
Other local sources				5,062,670
State aid				23,436,346
Bonds and loans				1,897,000
Grants and contributions not restricted to specific programs				4,706,225
Sale of property, adjustments, and refunds				1,499,022
Investment earnings				<u>374,666</u>
Total general receipts				<u>50,197,964</u>
Change in net assets				(3,775,621)
Net assets - beginning				<u>10,143,916</u>
Net assets - ending				<u>\$ 6,368,295</u>
<u>Assets</u>				
Cash and investments				\$ 5,196,566
Restricted assets:				
Cash and investments				<u>1,171,729</u>
Total assets				<u>\$ 6,368,295</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 56,245
Other purposes				1,115,484
Unrestricted				<u>5,196,566</u>
Total net assets				<u>\$ 6,368,295</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 25,910,186	\$ -	\$ 228,347	\$ (25,681,839)
Support services	19,281,197	1,586,424	1,045,094	(16,649,679)
Community services	316,918	-	-	(316,918)
Nonprogrammed charges	3,735,961	-	-	(3,735,961)
Debt service	7,852,475	-	-	(7,852,475)
Total governmental activities	\$ 57,096,737	\$ 1,586,424	\$ 1,273,441	(54,236,872)
General receipts:				
Property taxes				14,564,613
Other local sources				6,723,846
State aid				22,525,122
Bonds and loans				4,880,000
Grants and contributions not restricted to specific programs				4,615,292
Sale of property, adjustments, and refunds				2,822,104
Investment earnings				218,496
Total general receipts				56,349,473
Change in net assets				2,112,601
Net assets - beginning				6,368,295
Net assets - ending				\$ 8,480,896
<u>Assets</u>				
Cash and investments				\$ 4,837,920
Restricted assets:				
Cash and investments				3,642,976
Total assets				\$ 8,480,896
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,596,531
Other purposes				2,046,445
Unrestricted				4,837,920
Total net assets				\$ 8,480,896

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

NORTH LAWRENCE COMMUNITY SCHOOLS
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	Debt Service	Capital Projects	School Bus Replacement	Construction	Elementary Construction	Other	Totals
Receipts:									
Local sources	\$ 7,687,590	\$ 2,594,674	\$ 3,900,295	\$ 2,267,829	\$ 68,234	\$ -	\$ 18,438	\$ 3,625,436	\$ 20,162,496
State sources	23,500,154	-	-	-	-	-	-	482,532	23,982,686
Federal sources	-	-	-	-	-	-	-	5,262,980	5,262,980
Bonds and loans	1,500,000	-	263,000	-	-	-	-	134,000	1,897,000
Sale of property, adjustments and refunds	91,628	4,995	-	-	-	-	-	1,285	97,908
Total receipts	32,779,372	2,599,669	4,163,295	2,267,829	68,234	-	18,438	9,506,233	51,403,070
Disbursements:									
Current:									
Instruction	20,187,552	-	-	-	-	-	-	5,094,672	25,282,224
Support services	7,444,785	3,107,105	-	2,933,602	136,453	122,992	4,115,782	4,197,977	22,058,696
Community services	277,291	-	-	-	-	-	-	3,607	280,898
Nonprogrammed charges	524,399	-	-	-	-	-	-	7,525	531,924
Debt services	-	-	4,206,481	-	-	-	-	869,831	5,076,312
Total disbursements	28,434,027	3,107,105	4,206,481	2,933,602	136,453	122,992	4,115,782	10,173,612	53,230,054
Excess (deficiency) of receipts over disbursements	4,345,345	(507,436)	(43,186)	(665,773)	(68,219)	(122,992)	(4,097,344)	(667,379)	(1,826,984)
Other financing sources (uses):									
Transfers in	177,142	150,947	55,866	-	-	-	-	1,423,604	1,807,559
Transfers out	(3,472,173)	(28,826)	(205,866)	(26,680)	-	-	-	(703,184)	(4,436,729)
Total other financing sources (uses)	(3,295,031)	122,121	(150,000)	(26,680)	-	-	-	720,420	(2,629,170)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,050,314	(385,315)	(193,186)	(692,453)	(68,219)	(122,992)	(4,097,344)	53,041	(4,456,154)
Cash and investments - beginning	695,787	919,863	240,091	2,037,398	175,572	122,992	5,384,358	132,904	9,708,965
Cash and investments - ending	\$ 1,746,101	\$ 534,548	\$ 46,905	\$ 1,344,945	\$ 107,353	\$ -	\$ 1,287,014	\$ 185,945	5,252,811
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									1,115,484
Net assets of governmental activities									<u>\$ 6,368,295</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,746,101	\$ 534,548	\$ -	\$ 1,344,945	\$ 107,353	\$ -	\$ 1,287,014	\$ 176,605	\$ 5,196,566
Restricted assets:									
Cash and investments	-	-	46,905	-	-	-	-	9,340	56,245
Total cash and investment assets - ending	\$ 1,746,101	\$ 534,548	\$ 46,905	\$ 1,344,945	\$ 107,353	\$ -	\$ 1,287,014	\$ 185,945	\$ 5,252,811
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ 46,905	\$ -	\$ -	\$ -	\$ -	\$ 9,340	\$ 56,245
Unrestricted	1,746,101	534,548	-	1,344,945	107,353	-	1,287,014	176,605	5,196,566
Total cash and investment fund balance - ending	\$ 1,746,101	\$ 534,548	\$ 46,905	\$ 1,344,945	\$ 107,353	\$ -	\$ 1,287,014	\$ 185,945	\$ 5,252,811

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

NORTH LAWRENCE COMMUNITY SCHOOLS
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	Debt Service	Capital Projects	School Bus Replacement	Elementary Construction	Other	Totals
Receipts:								
Local sources	\$ 8,715,192	\$ 2,859,208	\$ 4,844,278	\$ 2,682,252	\$ 185,151	\$ -	\$ 3,786,942	\$ 23,073,023
Intermediate sources	765	-	-	-	-	-	-	765
State sources	22,619,645	-	-	-	-	-	540,816	23,160,461
Federal sources	156,229	-	-	-	-	-	5,097,165	5,253,394
Bonds and loans	1,500,000	430,000	2,000,000	500,000	-	-	450,000	4,880,000
Sale of property, adjustments and refunds	70,088	10,867	-	-	-	-	1,967	82,922
Total receipts	33,061,919	3,300,075	6,844,278	3,182,252	185,151	-	9,876,890	56,450,565
Disbursements:								
Current:								
Instruction	20,665,476	-	-	-	-	-	5,244,710	25,910,186
Support services	7,822,906	3,034,274	-	3,451,038	103,222	599,061	4,270,696	19,281,197
Community services	311,672	-	-	-	-	-	5,246	316,918
Nonprogrammed charges	552,869	-	-	-	-	-	5,114	557,983
Debt services	1,500,000	-	5,346,067	-	-	-	1,006,408	7,852,475
Total disbursements	30,852,923	3,034,274	5,346,067	3,451,038	103,222	599,061	10,532,174	53,918,759
Excess (deficiency) of receipts over disbursements	2,208,996	265,801	1,498,211	(268,786)	81,929	(599,061)	(655,284)	2,531,806
Other financing sources (uses):								
Transfers in	-	367	-	-	-	-	1,725,742	1,726,109
Transfers out	(2,460,957)	(14,713)	(122,470)	(10,667)	-	-	(467,468)	(3,076,275)
Total other financing sources (uses)	(2,460,957)	(14,346)	(122,470)	(10,667)	-	-	1,258,274	(1,350,166)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(251,961)	251,455	1,375,741	(279,453)	81,929	(599,061)	602,990	1,181,640
Cash and investments - beginning	1,746,101	534,548	46,905	1,344,945	107,353	1,287,014	185,945	5,252,811
Cash and investments - ending	\$ 1,494,140	\$ 786,003	\$ 1,422,646	\$ 1,065,492	\$ 189,282	\$ 687,953	\$ 788,935	6,434,451
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								2,046,445
Net assets of governmental activities								\$ 8,480,896
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,494,140	\$ 786,003	\$ -	\$ 1,065,492	\$ 189,282	\$ 687,953	\$ 615,050	\$ 4,837,920
Restricted assets:								
Cash and investments	-	-	1,422,646	-	-	-	173,885	1,596,531
Total cash and investment assets - ending	\$ 1,494,140	\$ 786,003	\$ 1,422,646	\$ 1,065,492	\$ 189,282	\$ 687,953	\$ 788,935	\$ 6,434,451
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 1,422,646	\$ -	\$ -	\$ -	\$ 173,885	\$ 1,596,531
Unrestricted	1,494,140	786,003	-	1,065,492	189,282	687,953	615,050	4,837,920
Total cash and investment fund balance - ending	\$ 1,494,140	\$ 786,003	\$ 1,422,646	\$ 1,065,492	\$ 189,282	\$ 687,953	\$ 788,935	\$ 6,434,451

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

NORTH LAWRENCE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Internal Service Fund
Operating receipts:	
Miscellaneous	\$ 1,401,589
Operating disbursements:	
Insurance claims and expense	3,350,226
Deficiency of operating receipts over operating disbursements	(1,948,637)
Transfers in	2,629,170
Change in net assets	680,533
Cash and investment fund balance - beginning	434,951
Cash and investment fund balance - ending	\$ 1,115,484
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,115,484
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,115,484

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

NORTH LAWRENCE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Miscellaneous	\$ 2,758,773
Operating disbursements:	
Insurance claims and expense	3,177,978
Deficiency of operating receipts over operating disbursements	(419,205)
Transfers in	1,350,166
Change in net assets	930,961
Cash and investment fund balance - beginning	1,115,484
Cash and investment fund balance - ending	\$ 2,046,445
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 2,046,445
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 2,046,445

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

NORTH LAWRENCE COMMUNITY SCHOOLS
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	\$ -	\$ 124,393
Investment earnings:		
Interest	8,113	-
Total additions	8,113	124,393
Deductions:		
Benefits	168,685	-
Administrative and general	-	151,151
Total deductions	168,685	151,151
Deficiency of total additions over total deductions	(160,572)	(26,758)
Cash and investment fund balance - beginning	2,311,247	128,846
Cash and investment fund balance - ending	\$ 2,150,675	\$ 102,088
Net assets:		
Cash and investments	\$ 2,150,675	\$ 102,088
Total net assets - cash and investment basis held in trust	\$ 2,150,675	\$ 102,088

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

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

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 371,875	\$ -
Other	-	201,347
Investment earnings:		
Interest	41,182	-
Total additions	413,057	201,347
Deductions:		
Benefits	305,753	-
Administrative and general	988,500	134,249
Total deductions	1,294,253	134,249
Excess (deficiency) of total additions over total deductions	(881,196)	67,098
Cash and investment fund balance - beginning	2,150,675	102,088
Cash and investment fund balance - ending	\$ 1,269,479	\$ 169,186
Net assets:		
Cash and investments	\$ 1,269,479	\$ 169,186
Total net assets - cash and investment basis held in trust	\$ 1,269,479	\$ 169,186

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

NORTH LAWRENCE COMMUNITY SCHOOLS
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: North Lawrence Community Schools

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

Joint Ventures

The School Corporation is a participant with Brownstown Central Community Schools, Eastern School District of Green County, Medora Community School Corporation, Mitchell Community Schools, Orleans Community Schools, and Shoals Community Schools in a joint venture to operate the Orange, Lawrence, Jackson, Martin, Green, Joint Services Agreement in Special Education (Co-op), which was created to provide instruction to handicapped children. Each year every school in the Co-op is billed a percentage of the Co-op's total cost based on each school's (ADM) count. The Co-op has no surplus and creates no debts. Complete financial statements for the Orange, Lawrence, Jackson, Martin, Green, Joint Services Agreement in Special Education can be obtained from North Lawrence Community Schools.

The School Corporation is a participant with several other school corporations in a joint venture to operate Southern Indiana Education Interlocal which was created to provide services and supplies. The Southern Indiana Education Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Southern Indiana Education Interlocal can be obtained from the joint venture's administrative office at 1102 Tree Lane Road, Jasper, Indiana, 47546.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The School Corporation has no business-type activities at this time.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The 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.

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

The construction fund is used to account for receipts and disbursements concerning construction of new facilities.

The elementary construction fund is used to account for the receipts and disbursements concerning construction of new elementary facilities.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the pension buy out, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the various scholarship funds.

C. Measurement Focus and Basis of Accounting

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds 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.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	June 30, 2007 Amount	June 30, 2008 Amount
Joint Services and Supply - Special Education Cooperative	\$ 385,605	\$ 410,428
Alternative Education	29,825	30,712
Alternative Service Mitchell	28,185	29,521
PR 84.184B Mentor Program 2007-2008	-	6
Carl Perkins 2006-2007	8,581	-
Career Majors Grant 2005-2006	2,287	-
GED Fund	3,514	6480
CAPE Grant Buildings	11,553	-
CAPE Career Counselor	26,644	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. 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 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.

B. Interfund Transfers

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

Transfer From	Transfer To	2006-2007	2007-2008
General Fund	Transportation	\$ 947	\$ 367
	Other Governmental Funds	1,334,462	1,363,867
	Internal Service Fund	2,136,764	1,096,723
Debt	Transportation	150,000	-
	Other Governmental Funds	55,866	122,470
Transportation	Internal Service Fund	28,826	14,713
Capital Projects	Internal Service Fund	26,680	10,667
Other Governmental Funds	General Fund	177,142	-
	Debt Service	55,866	-
	Other Governmental Funds	33,276	239,405
	Internal Service Fund	436,900	228,063
Totals		<u>\$ 4,436,729</u>	<u>\$ 3,076,275</u>

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Restatements and Reclassifications

For the year ended June 30, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental Activities	\$ 10,161,831	\$ (17,915)	\$ 10,143,916
Private-Purpose Trust	110,931	17,915	128,846
Other Governmental	150,819	(17,915)	132,904

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is accounted for in the Health and Welfare Trust Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with North Lawrence School Improvement Corporation and the North Lawrence Multi School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the audit period totaled \$9,207,580.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least twenty years of service. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$49,153 were recognized for post-employment benefits. The School Corporation also set aside \$176,019 for incentive payments and the School Corporation's share of insurance for future retirees.

D. Pension Plans

1. 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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 248,659
Interest on net pension obligation	(30,357)
Adjustment to annual required contribution	34,594
Annual pension cost	252,896
Contributions made	220,136
Increase in net pension obligation	32,760
Net pension obligation, beginning of year	(418,712)
Net pension obligation, end of year	\$ (385,952)
	PERF
Contribution rates:	
School Corporation	5.5%
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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 175,889	119%	\$ (415,473)
	06-30-06	207,569	102%	(418,712)
	06-30-07	252,896	87%	(385,952)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$513,718, \$462,667, and \$410,477, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

E. Subsequent Events

On January 29, 2009, the School Corporation received tax anticipation loans from the Indiana Bond Bank. The total amount received was \$2,519,446. The interest rate on the loans is 1.79%.

NORTH LAWRENCE COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 5,018,709	\$ 4,791,513	\$ 227,196	105%	\$ 4,289,346	5%
07-01-06	5,132,000	4,808,921	323,079	107%	4,398,538	7%
07-01-07	5,470,586	5,017,411	453,175	109%	4,344,931	10%

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School
Receipts:						
Local sources	\$ 19,394	\$ 1,038,740	\$ 574,782	\$ -	\$ 1,193,506	\$ -
State sources	209,613	27,374	81,417	-	-	-
Federal sources	3,000	820,806	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,285	-	-	-	-
Total receipts	232,007	1,888,205	656,199	-	1,193,506	-
Disbursements:						
Current:						
Instruction	242,182	-	-	-	337,247	1,032,682
Support services	-	1,894,741	686,197	-	806,011	167,177
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	242,182	1,894,741	686,197	-	1,143,258	1,199,859
Excess (deficiency) of receipts over disbursements	(10,175)	(6,536)	(29,998)	-	50,248	(1,199,859)
Other financing sources (uses):						
Transfers in	3,496	-	55,866	-	23,188	1,307,780
Transfers out	(31,658)	(12,436)	(55,866)	(143,058)	(86,596)	(107,921)
Total other financing sources (uses)	(28,162)	(12,436)	-	(143,058)	(63,408)	1,199,859
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38,337)	(18,972)	(29,998)	(143,058)	(13,160)	-
Cash and investments - beginning	86,758	51,186	285,427	143,058	(372,445)	-
Cash and investments - ending	\$ 48,421	\$ 32,214	\$ 255,429	\$ -	\$ (385,605)	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 48,421	\$ 32,214	\$ 255,429	\$ -	\$ (385,605)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 48,421	\$ 32,214	\$ 255,429	\$ -	\$ (385,605)	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	48,421	32,214	255,429	-	(385,605)	-
Total cash and investment fund balance - ending	\$ 48,421	\$ 32,214	\$ 255,429	\$ -	\$ (385,605)	\$ -

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	Alternative Education	School Library Printed Material	SAFE School Haven	Early Intervention Grant 2006-2007	State Professional Development Grant	Gifted and Talented Grant 2006-2007
Receipts:						
Local sources	\$ 25,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -
State sources	3,509	-	19,929	31,000	84,914	20,499
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	28,509	1,000	19,929	31,000	84,914	20,499
Disbursements:						
Current:						
Instruction	37,029	-	-	-	4,768	18,277
Support services	-	-	1,621	31,000	112,055	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	37,029	-	1,621	31,000	116,823	18,277
Excess (deficiency) of receipts over disbursements	(8,520)	1,000	18,308	-	(31,909)	2,222
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(4,151)	-	-	-	-	-
Total other financing sources (uses)	(4,151)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,671)	1,000	18,308	-	(31,909)	2,222
Cash and investments - beginning	(17,154)	-	1,621	-	103,446	-
Cash and investments - ending	\$ (29,825)	\$ 1,000	\$ 19,929	\$ -	\$ 71,537	\$ 2,222
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (29,825)	\$ 1,000	\$ 19,929	\$ -	\$ 71,537	\$ 2,222
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (29,825)	\$ 1,000	\$ 19,929	\$ -	\$ 71,537	\$ 2,222
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(29,825)	1,000	19,929	-	71,537	2,222
Total cash and investment fund balance - ending	\$ (29,825)	\$ 1,000	\$ 19,929	\$ -	\$ 71,537	\$ 2,222

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

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

	Non-English Speaking Programs, P.L. 273-1999	School Technology	Tech. Plan Buddy	Performance Based Awards	Alternative Service Mitchell	Title I, P.L. 107-110 IASA 2005-2006
Receipts:						
Local sources	\$ -	\$ 30,173	\$ -	\$ -	\$ 20,457	\$ -
State sources	39	-	-	-	4,238	-
Federal sources	-	-	-	-	-	69,732
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	39	30,173	-	-	24,695	69,732
Disbursements:						
Current:						
Instruction	-	-	102	-	41,541	83,678
Support services	-	34,276	9,160	1	-	1,019
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	34,276	9,262	1	41,541	84,697
Excess (deficiency) of receipts over disbursements	39	(4,103)	(9,262)	(1)	(16,846)	(14,965)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(5,018)	(17,074)
Total other financing sources (uses)	-	-	-	-	(5,018)	(17,074)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	39	(4,103)	(9,262)	(1)	(21,864)	(32,039)
Cash and investments - beginning	722	68,703	12,292	1	(6,321)	32,039
Cash and investments - ending	\$ 761	\$ 64,600	\$ 3,030	\$ -	\$ (28,185)	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 761	\$ 64,600	\$ 3,030	\$ -	\$ (28,185)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 761	\$ 64,600	\$ 3,030	\$ -	\$ (28,185)	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	761	64,600	3,030	-	(28,185)	-
Total cash and investment fund balance - ending	\$ 761	\$ 64,600	\$ 3,030	\$ -	\$ (28,185)	\$ -

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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 I, P.L. 107-110 IASA 2006-2007	Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA 2006-2007	Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA 2005-2006	I Read Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants, P.L. 105-17	Federal Assistance Educational Preschool Handicapped P.L. 99-457 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	705,829	8,937	-	-	3,002,799	105,591
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	705,829	8,937	-	-	3,002,799	105,591
Disbursements:						
Current:						
Instruction	593,136	-	167	-	2,220,112	56,940
Support services	8,204	8,509	9,693	-	318,536	31,521
Community services	3,607	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	604,947	8,509	9,860	-	2,538,648	88,461
Excess (deficiency) of receipts over disbursements	100,882	428	(9,860)	-	464,151	17,130
Other financing sources (uses):						
Transfers in	-	-	-	-	33,274	-
Transfers out	(26,917)	-	-	-	(192,754)	(3,416)
Total other financing sources (uses)	(26,917)	-	-	-	(159,480)	(3,416)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	73,965	428	(9,860)	-	304,671	13,714
Cash and investments - beginning	-	-	9,879	496	(304,011)	-
Cash and investments - ending	73,965	428	19	496	660	13,714
Cash and Investment Assets - Ending						
Cash and investments	\$ 73,965	\$ 428	\$ 19	\$ 496	\$ 660	\$ 13,714
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	73,965	428	19	496	660	13,714
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	73,965	428	19	496	660	13,714
Total cash and investment fund balance - ending	73,965	428	19	496	660	13,714

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	Federal Assistance Educational Preschool Handicapped P.L. 99-457 2005-2006	Drug Free Schools 2005-2006	Drug Free Schools 2006-2007	Carl Perkins 2006-2007	Carl Perkins 2005-2006	Career Majors Grant 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	33,501	22,288	19,965	112,890	41,173	493
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	33,501	22,288	19,965	112,890	41,173	493
Disbursements:						
Current:						
Instruction	18,274	18,080	17,646	58,740	3,612	2,288
Support services	11,048	-	-	44,353	9,944	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	7,525	-	-
Debt services	-	-	-	-	-	-
Total disbursements	29,322	18,080	17,646	110,618	13,556	2,288
Excess (deficiency) of receipts over disbursements	4,179	4,208	2,319	2,272	27,617	(1,795)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(605)	-	-	(10,853)	(1,245)	-
Total other financing sources (uses)	(605)	-	-	(10,853)	(1,245)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,574	4,208	2,319	(8,581)	26,372	(1,795)
Cash and investments - beginning	(3,574)	(4,203)	-	-	(26,372)	(492)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 2,319</u>	<u>\$ (8,581)</u>	<u>\$ -</u>	<u>\$ (2,287)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 5	\$ 2,319	\$ (8,581)	\$ -	\$ (2,287)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 2,319</u>	<u>\$ (8,581)</u>	<u>\$ -</u>	<u>\$ (2,287)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5	2,319	(8,581)	-	(2,287)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 2,319</u>	<u>\$ (8,581)</u>	<u>\$ -</u>	<u>\$ (2,287)</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	21st Century Grant	Class Size Reduction, P.L. 105-277, Section 307 2005-2006 2006-2007	Improving Teaching Quality, Enhanced Education Through Technology, Title II, Part D 2004-2005 2005-2006	Retirement/Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 722,384	\$ 3,625,436
State sources	-	-	-	-	482,532
Federal sources	110,000	192,567	13,409	-	5,262,980
Bonds and loans	-	-	-	134,000	134,000
Sale of property, adjustments and refunds	-	-	-	-	1,285
Total receipts	110,000	192,567	13,409	856,384	9,506,233
Disbursements:					
Current:					
Instruction	100,840	200,191	7,140	-	5,094,672
Support services	-	7,468	5,443	-	4,197,977
Community services	-	-	-	-	3,607
Nonprogrammed charges	-	-	-	-	7,525
Debt services	-	-	-	869,831	869,831
Total disbursements	100,840	207,659	12,583	869,831	10,173,612
Excess (deficiency) of receipts over disbursements	9,160	(15,092)	826	(13,447)	(667,379)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,423,604
Transfers out	-	(3,616)	-	-	(703,184)
Total other financing sources (uses)	-	(3,616)	-	-	720,420
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,160	(18,708)	826	(13,447)	53,041
Cash and investments - beginning	28,916	20,133	12	22,787	132,904
Cash and investments - ending	<u>\$ 38,076</u>	<u>\$ 1,425</u>	<u>\$ 838</u>	<u>\$ 9,340</u>	<u>\$ 185,945</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 38,076	\$ 1,425	\$ 838	\$ -	\$ 176,605
Restricted assets:					
Cash and investments	-	-	-	9,340	9,340
Total cash and investment assets - ending	<u>\$ 38,076</u>	<u>\$ 1,425</u>	<u>\$ 838</u>	<u>\$ 9,340</u>	<u>\$ 185,945</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 9,340	\$ 9,340
Unrestricted	38,076	1,425	838	-	176,605
Total cash and investment fund balance - ending	<u>\$ 38,076</u>	<u>\$ 1,425</u>	<u>\$ 838</u>	<u>\$ 9,340</u>	<u>\$ 185,945</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - Area Vocational School	Alternative Education
Receipts:						
Local sources	\$ 20,023	\$ 1,094,120	\$ 582,401	\$ 1,251,255	\$ 12,425	\$ 34,900
State sources	184,508	26,412	147,451	-	-	4,786
Federal sources	-	849,608	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,300	-	322	-	-
Total receipts	204,531	1,971,440	729,852	1,251,577	12,425	39,686
Disbursements:						
Current:						
Instruction	248,136	-	-	285,180	1,139,684	38,861
Support services	-	1,851,047	639,754	945,561	182,560	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	248,136	1,851,047	639,754	1,230,741	1,322,244	38,861
Excess (deficiency) of receipts over disbursements	(43,605)	120,393	90,098	20,836	(1,309,819)	825
Other financing sources (uses):						
Transfers in	-	-	122,470	-	1,363,867	-
Transfers out	(3,268)	(6,303)	-	(45,659)	(54,048)	(1,712)
Total other financing sources (uses)	(3,268)	(6,303)	122,470	(45,659)	1,309,819	(1,712)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,873)	114,090	212,568	(24,823)	-	(887)
Cash and investments - beginning	48,421	32,214	255,429	(385,605)	-	(29,825)
Cash and investments - ending	\$ 1,548	\$ 146,304	\$ 467,997	\$ (410,428)	\$ -	\$ (30,712)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,548	\$ 146,304	\$ 467,997	\$ (410,428)	\$ -	\$ (30,712)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,548	\$ 146,304	\$ 467,997	\$ (410,428)	\$ -	\$ (30,712)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,548	146,304	467,997	(410,428)	-	(30,712)
Total cash and investment fund balance - ending	\$ 1,548	\$ 146,304	\$ 467,997	\$ (410,428)	\$ -	\$ (30,712)

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	School Library Printed Material	SAFE School Haven	Early Intervention Grant 2007-2008	State Professional Development Grant	Gifted and Talented Grant 2006-2007	Gifted and Talented Grant 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	12,792	2,000	84,634	-	49,190
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	345	-	-
Total receipts	-	12,792	2,000	84,979	-	49,190
Disbursements:						
Current:						
Instruction	-	-	-	12,893	2,222	44,493
Support services	1,000	32,721	2,000	68,639	-	4,697
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,000	32,721	2,000	81,532	2,222	49,190
Excess (deficiency) of receipts over disbursements	(1,000)	(19,929)	-	3,447	(2,222)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,125)	-	-
Total other financing sources (uses)	-	-	-	(1,125)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	(19,929)	-	2,322	(2,222)	-
Cash and investments - beginning	1,000	19,929	-	71,537	2,222	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 73,859	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 73,859	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 73,859	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	73,859	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 73,859	\$ -	\$ -

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	Non-English Speaking Programs, P.L. 273-1999	School Technology	Tech. Plan Buddy	Alternative Service Mitchell	Title I, P.L. 107-110 IASA 2007-2008	Title I, P.L. 107-110 IASA 2006-2007
Receipts:						
Local sources	\$ -	\$ 54,912	\$ -	\$ 15,953	\$ -	\$ -
State sources	-	-	-	29,043	-	-
Federal sources	-	-	-	-	898,497	55,000
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	54,912	-	44,996	898,497	55,000
Disbursements:						
Current:						
Instruction	-	-	-	43,477	718,444	74,562
Support services	-	5,687	3,030	-	8,934	14,720
Community services	-	-	-	-	4,951	295
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	5,687	3,030	43,477	732,329	89,577
Excess (deficiency) of receipts over disbursements	-	49,225	(3,030)	1,519	166,168	(34,577)
Other financing sources (uses):						
Transfers in	-	-	-	-	34,006	-
Transfers out	-	-	-	(2,855)	(14,773)	(39,388)
Total other financing sources (uses)	-	-	-	(2,855)	19,233	(39,388)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	49,225	(3,030)	(1,336)	185,401	(73,965)
Cash and investments - beginning	761	64,600	3,030	(28,185)	-	73,965
Cash and investments - ending	<u>\$ 761</u>	<u>\$ 113,825</u>	<u>\$ -</u>	<u>\$ (29,521)</u>	<u>\$ 185,401</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 761	\$ 113,825	\$ -	\$ (29,521)	\$ 185,401	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 761</u>	<u>\$ 113,825</u>	<u>\$ -</u>	<u>\$ (29,521)</u>	<u>\$ 185,401</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	761	113,825	-	(29,521)	185,401	-
Total cash and investment fund balance - ending	<u>\$ 761</u>	<u>\$ 113,825</u>	<u>\$ -</u>	<u>\$ (29,521)</u>	<u>\$ 185,401</u>	<u>\$ -</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA 2006-2007	Innovative Education Program Strategies Title V (Part A) P.L. 107-110 IASA 2005-2006	I Read Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants, P.L. 105-17	Federal Assistance Educational Preschool Handicapped P.L. 99-457	Drug Free Schools 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	8,578	-	-	2,594,974	131,751	19,779
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,578	-	-	2,594,974	131,751	19,779
Disbursements:						
Current:						
Instruction	29	-	-	2,097,784	59,843	19,235
Support services	8,747	19	496	362,388	48,474	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	8,776	19	496	2,460,172	108,317	19,235
Excess (deficiency) of receipts over disbursements	(198)	(19)	(496)	134,802	23,434	544
Other financing sources (uses):						
Transfers in	-	-	-	189,867	15,532	-
Transfers out	-	-	-	(274,208)	(18,095)	-
Total other financing sources (uses)	-	-	-	(84,341)	(2,563)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(198)	(19)	(496)	50,461	20,871	544
Cash and investments - beginning	428	19	496	660	13,714	-
Cash and investments - ending	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,121</u>	<u>\$ 34,585</u>	<u>\$ 544</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 230	\$ -	\$ -	\$ 51,121	\$ 34,585	\$ 544
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,121</u>	<u>\$ 34,585</u>	<u>\$ 544</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	230	-	-	51,121	34,585	544
Total cash and investment fund balance - ending	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,121</u>	<u>\$ 34,585</u>	<u>\$ 544</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	PR 84.184B Mentor Program 2007-2008	Drug Free Schools 2005-2006	Drug Free Schools 2006-2007	Carl Perkins	CPS 6268 Moving Forward	Career Majors Grant 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	114,943	-	-	166,479	31,880	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	114,943	-	-	166,479	31,880	-
Disbursements:						
Current:						
Instruction	114,949	5	1,755	75,781	24,095	(2,287)
Support services	-	-	-	70,498	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	5,114	-	-
Debt services	-	-	-	-	-	-
Total disbursements	114,949	5	1,755	151,393	24,095	(2,287)
Excess (deficiency) of receipts over disbursements	(6)	(5)	(1,755)	15,086	7,785	2,287
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(5,775)	-	-
Total other financing sources (uses)	-	-	-	(5,775)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6)	(5)	(1,755)	9,311	7,785	2,287
Cash and investments - beginning	-	5	2,319	(8,581)	-	(2,287)
Cash and investments - ending	\$ (6)	\$ -	\$ 564	\$ 730	\$ 7,785	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (6)	\$ -	\$ 564	\$ 730	\$ 7,785	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (6)	\$ -	\$ 564	\$ 730	\$ 7,785	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(6)	-	564	730	7,785	-
Total cash and investment fund balance - ending	\$ (6)	\$ -	\$ 564	\$ 730	\$ 7,785	\$ -

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

NORTH LAWRENCE COMMUNITY SCHOOLS
 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)

	21st Century Grant	Class Size Reduction, P.L. 105-277, Section 307 2006-2007 2007-2008	Improving Teaching Quality, Enhanced Education Through Technology, Title II, Part D 2004-2005 2005-2006	Retirement/Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 720,953	\$ 3,786,942
State sources	-	-	-	-	540,816
Federal sources	10,000	215,676	-	-	5,097,165
Bonds and loans	-	-	-	450,000	450,000
Sale of property, adjustments and refunds	-	-	-	-	1,967
Total receipts	10,000	215,676	-	1,170,953	9,876,890
Disbursements:					
Current:					
Instruction	48,076	197,472	21	-	5,244,710
Support services	-	18,907	817	-	4,270,696
Community services	-	-	-	-	5,246
Nonprogrammed charges	-	-	-	-	5,114
Debt services	-	-	-	1,006,408	1,006,408
Total disbursements	48,076	216,379	838	1,006,408	10,532,174
Excess (deficiency) of receipts over disbursements	(38,076)	(703)	(838)	164,545	(655,284)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,725,742
Transfers out	-	(259)	-	-	(467,468)
Total other financing sources (uses)	-	(259)	-	-	1,258,274
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38,076)	(962)	(838)	164,545	602,990
Cash and investments - beginning	38,076	1,425	838	9,340	185,945
Cash and investments - ending	\$ -	\$ 463	\$ -	\$ 173,885	\$ 788,935
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 463	\$ -	\$ -	\$ 615,050
Restricted assets:					
Cash and investments	-	-	-	173,885	173,885
Total cash and investment assets - ending	\$ -	\$ 463	\$ -	\$ 173,885	\$ 788,935
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 173,885	\$ 173,885
Unrestricted	-	463	-	-	615,050
Total cash and investment fund balance - ending	\$ -	\$ 463	\$ -	\$ 173,885	\$ 788,935

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

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

	M. B. Wohlfedl Memorial Golf	Donation/ Wetlands	PVP Preschool Playground	Community Reading Project	Donation Academic Wall of Fame	Foutty Donation BNL
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 4,145	\$ -	\$ -
Deductions:						
Administrative and general	244	-	-	4,403	-	-
Excess (deficiency) of total additions over total deductions	(244)	-	-	(258)	-	-
Cash and investment fund balance - beginning	10,330	3,454	25	1,747	359	2,000
Cash and investments - June 30	<u>\$ 10,086</u>	<u>\$ 3,454</u>	<u>\$ 25</u>	<u>\$ 1,489</u>	<u>\$ 359</u>	<u>\$ 2,000</u>
Net assets:						
Cash and investments	\$ 10,086	\$ 3,454	\$ 25	\$ 1,489	\$ 359	\$ 2,000
Total net assets - cash and investment basis held in trust	<u>\$ 10,086</u>	<u>\$ 3,454</u>	<u>\$ 25</u>	<u>\$ 1,489</u>	<u>\$ 359</u>	<u>\$ 2,000</u>

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

	<u>Englewood Playground</u>	<u>Tobias Grant</u>	<u>Hutton Library Books</u>	<u>Career Center Visteon</u>	<u>Stalker Visteon Donation</u>	<u>Knights of Columbus</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:						
Administrative and general	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(2,500)	-	-	(103)	-	-
Cash and investment fund balance - beginning	<u>2,500</u>	<u>212</u>	<u>1,744</u>	<u>103</u>	<u>264</u>	<u>1,000</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 1,744</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 1,000</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 1,744</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 1,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 1,744</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 1,000</u>

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

	GED Fund	Englewood	Cultural Arts	Btown Arts Council	Btown Arts Council 2004-2005	Btown Arts Council 2005-2006
Additions:						
Contributions:						
Other	\$ 2,868	\$ -	\$ 4,701	\$ 3,015	\$ -	\$ 294
Deductions:						
Administrative and general	3,989	-	4,391	3,015	4	440
Excess (deficiency) of total additions over total deductions	(1,121)	-	310	-	(4)	(146)
Cash and investment fund balance - beginning	(2,393)	443	559	-	4	146
Cash and investments - June 30	<u>\$ (3,514)</u>	<u>\$ 443</u>	<u>\$ 869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:						
Cash and investments	\$ (3,514)	\$ 443	\$ 869	\$ -	\$ -	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ (3,514)</u>	<u>\$ 443</u>	<u>\$ 869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Fields Donation</u>	<u>BNLHS Scholarship</u>	<u>Visteon Donation</u>	<u>INDIANAEXT Grant</u>	<u>CAPE Grant Buildings</u>
Additions:					
Contributions:					
Other	\$ -	\$ 98,000	\$ 1,335	\$ -	\$ 35
Deductions:					
Administrative and general	-	81,000	1,335	36	14,854
Excess (deficiency) of total additions over total deductions	-	17,000	-	(36)	(14,819)
Cash and investment fund balance - beginning	10	96,664	-	36	3,266
Cash and investments - June 30	<u>\$ 10</u>	<u>\$ 113,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,553)</u>
Net assets:					
Cash and investments	\$ 10	\$ 113,664	\$ -	\$ -	\$ (11,553)
Total net assets - cash and investment basis held in trust	<u>\$ 10</u>	<u>\$ 113,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,553)</u>

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

	CAPE Grant Guidance	CAPE Career Counselor	Pritchett Donation NLCC	Pritchett Donation BLDG	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 124,393
Deductions:					
Administrative and general	-	32,995	901	941	151,151
Excess (deficiency) of total additions over total deductions	-	(32,995)	4,099	4,059	(26,758)
Cash and investment fund balance - beginning	22	6,351	-	-	128,846
Cash and investments - June 30	<u>\$ 22</u>	<u>\$ (26,644)</u>	<u>\$ 4,099</u>	<u>\$ 4,059</u>	<u>\$ 102,088</u>
Net assets:					
Cash and investments	<u>\$ 22</u>	<u>\$ (26,644)</u>	<u>\$ 4,099</u>	<u>\$ 4,059</u>	<u>\$ 102,088</u>
Total net assets - cash and investment basis held in trust	<u>\$ 22</u>	<u>\$ (26,644)</u>	<u>\$ 4,099</u>	<u>\$ 4,059</u>	<u>\$ 102,088</u>

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

	M. B. Wohlfedl Memorial Golf	Oolitic MS Survey Participant	Englewood Visteon	Donation/ Wetlands	PVP Preschool Playground	Community Reading Project	Donation Academic Wall of Fame
Additions:							
Contributions:							
Other	\$ -	\$ 3,675	\$ 250	\$ -	\$ 1,533	\$ 4,636	\$ -
Deductions:							
Administrative and general	1,798	1,575	-	-	-	4,674	180
Excess (deficiency) of total additions over total deductions	(1,798)	2,100	250	-	1,533	(38)	(180)
Cash and investment fund balance - beginning	10,086	-	-	3,454	25	1,489	359
Cash and investments - June 30	<u>\$ 8,288</u>	<u>\$ 2,100</u>	<u>\$ 250</u>	<u>\$ 3,454</u>	<u>\$ 1,558</u>	<u>\$ 1,451</u>	<u>\$ 179</u>
Net assets:							
Cash and investments	<u>\$ 8,288</u>	<u>\$ 2,100</u>	<u>\$ 250</u>	<u>\$ 3,454</u>	<u>\$ 1,558</u>	<u>\$ 1,451</u>	<u>\$ 179</u>
Total net assets - cash and investment basis held in trust	<u>\$ 8,288</u>	<u>\$ 2,100</u>	<u>\$ 250</u>	<u>\$ 3,454</u>	<u>\$ 1,558</u>	<u>\$ 1,451</u>	<u>\$ 179</u>

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

	Foutty Donation BNL	Tobias Grant	Hutton Library Books	Stalker Visteon Donation	Knights of Columbus	GED Fund	Englewood
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,959	\$ -
Deductions:							
Administrative and general	-	195	1,151	260	1,000	6,925	-
Excess (deficiency) of total additions over total deductions	-	(195)	(1,151)	(260)	(1,000)	(2,966)	-
Cash and investment fund balance - beginning	2,000	212	1,744	264	1,000	(3,514)	443
Cash and investments - June 30	<u>\$ 2,000</u>	<u>\$ 17</u>	<u>\$ 593</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (6,480)</u>	<u>\$ 443</u>
Net assets:							
Cash and investments	<u>\$ 2,000</u>	<u>\$ 17</u>	<u>\$ 593</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (6,480)</u>	<u>\$ 443</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,000</u>	<u>\$ 17</u>	<u>\$ 593</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (6,480)</u>	<u>\$ 443</u>

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

	Englewood Playground	Cultural Arts	Btown Arts Council	Fields Donation	BNLHS Scholarship	CAPE Grant Administration
Additions:						
Contributions:						
Other	\$ 10,000	\$ 8,331	\$ 335	\$ -	\$ 95,000	\$ 28,000
Deductions:						
Administrative and general	-	7,423	335	-	75,000	22,605
Excess (deficiency) of total additions over total deductions	10,000	908	-	-	20,000	5,395
Cash and investment fund balance - beginning	-	869	-	10	113,664	-
Cash and investments - June 30	<u>\$ 10,000</u>	<u>\$ 1,777</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 133,664</u>	<u>\$ 5,395</u>
Net assets:						
Cash and investments	<u>\$ 10,000</u>	<u>\$ 1,777</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 133,664</u>	<u>\$ 5,395</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,000</u>	<u>\$ 1,777</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 133,664</u>	<u>\$ 5,395</u>

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

	CAPE Grant Buildings	CAPE Grant Guidance	CAPE Career Counselor	Pritchett Donation NLCC	Pritchett Donation BLDG	Totals
Additions:						
Contributions:						
Other	\$ 11,553	\$ -	\$ 28,000	\$ 6,075	\$ -	\$ 201,347
Deductions:						
Administrative and general	-	22	1,356	6,909	2,841	134,249
Excess (deficiency) of total additions over total deductions	11,553	(22)	26,644	(834)	(2,841)	67,098
Cash and investment fund balance - beginning	(11,553)	22	(26,644)	4,099	4,059	102,088
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,265</u>	<u>\$ 1,218</u>	<u>\$ 169,186</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,265</u>	<u>\$ 1,218</u>	<u>\$ 169,186</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,265</u>	<u>\$ 1,218</u>	<u>\$ 169,186</u>

NORTH LAWRENCE COMMUNITY SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2008

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	\$ 20,416
Buildings	44,488,606
Improvements other than buildings	1,542,304
Machinery and equipment	<u>13,279,627</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 59,330,953</u>

NORTH LAWRENCE COMMUNITY SCHOOLS
 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 building corporations	\$ 49,481,452	\$ 3,330,145
Notes and loans payable	4,534,914	819,758
Bonds payable:		
General obligation bonds:		
Pension bonds	9,665,000	433,512
Total governmental activities debt	\$ 63,681,366	\$ 4,583,415

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn on June 30, 2008:

Fund	June 30, 2007 Amount	June 30, 2008 Amount
Joint Services and Supply -		
Special Education Cooperative	\$ 385,605	\$ 410,428
Alternative Education	29,825	30,712
Alternative Service Mitchell	28,185	29,521
PR 84.184B Mentor Program 2007-2008	-	6
Carl Perkins 2006-2007	8,581	-
Career Majors Grant 2005-2006	2,287	-
GED Fund	3,514	6,480
CAPE Grant Buildings	11,553	-
CAPE Career Counselor	26,644	-

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

OFFICIAL BONDS

The official bond for, Jennie Edwards, Treasurer, for the term July 13, 2007 to July 13, 2008, was not filed in the County Recorder's office until January 15, 2009.

New bonds were not obtained each year for the extra-curricular treasurers. The bonds were renewals of a bond for the period beginning July 1, 2002.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

AVERAGE DAILY MEMBERSHIP (ADM) - AMOUNT DUE THE STATE
OF INDIANA DUE TO CORRECTED ENROLLMENT FIGURES

Prior Report B29627 noted a difference between the student count reported for Average Daily Membership and the verified figures for the school year 2004-2005. The report concluded that School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment the School Corporation has received or could receive in the future because of incorrect reporting.

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The Department of Education notified the School Corporation by letter dated June 19, 2007, of the recalculation of the Basic Grant based upon the State Board of Accounts Audit and subsequent corrected counts for average daily membership which resulted in the School Corporation being required to refund \$5,152.68 and \$1,908.74 to the State of Indiana for 2005 and 2006, respectively.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates honors diploma figures on Form DOE-GR, Graduate Report, were incorrect for the school year ending June 30, 2008.

The amount reported on the Form DOE-GR 30A was 93. The amount verified was 95.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS (Fayetteville Elementary)

Several instances were found in which the date of collection as indicated on the receipt did not match the date posted to the ledger. Prescribed Receipt Form SA-3 was in use during the audit period, but usually did not indicate the composition of the collections, such as cash, check, or other form of payment.

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

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 Extra-Curricular Accounts, Chapter 7)

PUBLIC RECORDS RETENTION (Heltonville Elementary)

Neither the bank deposit slips, the deposit receipts issued by the bank, nor optical images of such documents provided by the bank were presented for audit for deposits occurring after November 2006.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TICKETS AND NONUSE OF TICKET SALES FORM SA-4 (Bedford North Lawrence High School)

Prescribed Ticket Forms SA-4 were not used. The forms presented for audit did not provide for total ticket revenue generated by admission to the respective athletic events.

The forms used listed beginning and ending sequential ticket numbers, but tickets collected at the gate (or ticket stubs) were not retained.

As a result of the lack of SA-4's and retained tickets, full accountability for all money received from admissions could not be determined.

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 Extra-Curricular Accounts, Chapter 7)

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

OPTICAL IMAGES OF CHECKS (Heltonville Elementary, Parkview Intermediate, North Lawrence Career Center)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks, states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

NORTH LAWRENCE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

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

TO: THE OFFICIALS OF THE NORTH LAWRENCE COMMUNITY SCHOOLS,
LAWRENCE COUNTY, INDIANA

Compliance

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

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

Internal Control Over Compliance

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

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

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 17, 2009

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 174,864	\$ 168,335
National School Lunch Program	10.555		742,953	739,472
Special Milk Program for Children	10.556		9,163	11,638
Summer Food Service Program for Children	10.559		19,779	18,432
Total for federal grantor agency			<u>946,759</u>	<u>937,877</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States				
05-06 Sliver Grant	84.027	14205-049-DY01	17,395	-
SY 05-06 Part B		14206-049-PN01	503,120	-
SY 06-07 Part B		14207-049-PN01	1,939,356	372,388
SY 06-07 Part B Carry-Over		14206-049-PY02	238,258	29,016
SY 07-08 Part B		14208-049-PN01	-	1,925,858
SY 07-08 Part B Carry-Over		14207-049-PY02	-	217,251
Total for program			<u>2,698,129</u>	<u>2,544,513</u>
Special Education - Preschool Grants				
SY 05-06 Preschool	84.173	45706-049-PN01	29,929	-
SY 06-07 Preschool		45707-049-PN01	90,567	13,289
SY 06-07 Preschool Carry-Over		45706-049-PY02	1,310	2,893
SY 07-08 Preschool		45708-049-PN01	-	84,258
SY 07-08 Preschool Carry-Over		45707-049-PY02	-	10,440
Total for program			<u>121,806</u>	<u>110,880</u>
Total for cluster			<u>2,819,935</u>	<u>2,655,393</u>
Direct Grant:				
Safe and Drug-Free Schools and Communities - National Programs				
Mentoring Programs Grant	84.184	Q184B070641-08	-	114,949
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
FY 2005-2006	84.010	06-5075	101,771	-
FY 2006-2007		07-5075	631,863	94,959
FY 2007-2008		08-5075	-	747,101
Total for program			<u>733,634</u>	<u>842,060</u>
Career and Technical Education - Basic Grants to States				
FY 2005-2006	84.048	06-4700-5075	14,801	-
FY 2006-2007		07-4700-5075	121,471	29,052
FY 2007-2008		08-4700-5075	-	128,117
Moving Forward		CPS 6-268	-	24,095
Total for program			<u>136,272</u>	<u>181,264</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF EDUCATION (continued)				
Pass-Through Indiana Department of Education (continued)				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
SY 05-06		05-033	18,080	5
SY 06-07		5075-06	17,646	1,755
SY 07-08		5075-07	-	19,234
Total for program			<u>35,726</u>	<u>20,994</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	TP5 268	<u>2,288</u>	<u>-</u>
Pass-Through Indiana Department of Education Twenty-First Century Community Learning Centers	84.287			
SY 05-06			28,917	-
SY 06-07			<u>71,924</u>	<u>48,076</u>
Total for program			<u>100,841</u>	<u>48,076</u>
State Grants for Innovative Programs	84.298			
SY 05-06		05-027	9,860	19
SY 06-07		06-5075	8,509	428
SY 07-08		07-5075	-	8,348
Total for program			<u>18,369</u>	<u>8,795</u>
Education Technology State Grants	84.318			
SY 04-05		S318X040014	12	-
SY 05-06		S318X050014	<u>12,571</u>	<u>838</u>
Total for program			<u>12,583</u>	<u>838</u>
Reading Excellence	84.338			
		338A010016A	<u>-</u>	<u>496</u>
Improving Teacher Quality State Grants	84.367			
05-030		S367A050013	49,680	-
06-5075		S367A060013	161,594	58,315
07-5075		S367A070013	<u>-</u>	<u>158,324</u>
Total for program			<u>211,274</u>	<u>216,639</u>
Total for federal grantor agency			<u>4,070,922</u>	<u>4,089,504</u>
Total federal awards expended			<u>\$ 5,017,681</u>	<u>\$ 5,027,381</u>

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

NORTH LAWRENCE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2006-07	2007-08
Child Nutrition Cluster:			
Food Commodities			
School Breakfast Program	10.553	\$ 23,703	\$ 20,722
National School Lunch Program	10.555	94,579	63,423

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes
--	-----

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.048	Career and Technical Education - Basic Grants to States
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$301,352

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

NORTH LAWRENCE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Programs: Special Education - Grants to States and Special Education Preschool Grants

CFDA Numbers: 84.027 and 84.173

Federal Award Numbers: 14205-049-DY01, 14206-049-PN01, 14207-049-PN01, 14206-049-PY02,
14208-049-PN01, 14207-049-PY02, 45707-049-PN01, 45706-049-PY02,
45708-049-PN01, 45707-049-PY02

Pass-through Entity: Indiana Department of Education

North Lawrence Community Schools has not implemented adequate internal controls to minimize the time elapsing between transfers of funds and their disbursement. The draw down amounts included in the Special Education - Grants to States and Special Education - Preschool Grants grant applications were not accurate calculations of actual monthly disbursements, which resulted in large month-end cash balances. Furthermore, the school corporation did not always revise their cash draw down requests to ensure there would not be excess cash on hand at the end of subsequent months.

34 CFR 80.20(b) states in part: "Cash management procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and sub-grantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash draw downs by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to adhere to the cash management requirements could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures to try to match their budgeted expenditures with the cash draw down requests included in the grant applications. The School Corporation should also monitor monthly cash balances and file cash request amendments as necessary to ensure an excess of cash is not on hand at the end of the month.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Original State Board of Accounts Audit Report No. B29627

Fiscal Year: 7/1/05 to 6/30/06

Auditee Contact Person: Dr. Dennis Turner

Title of Contact Person: Superintendent

Phone Number: 812-279-3521

Finding No.: 2006-1 Cash Management

Federal Agency: U.S. Department of Education

Pass-Through Agency: Indiana Department of Education

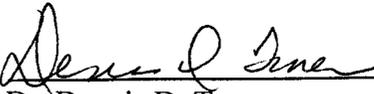
Federal Program: Special Education – Grants to States

CFDA No.: 84.027

Federal Award No.: 14204-049-PY02, 14205-049-PN01,
14205-049-SN01, 14205-049-DY01

Status of Finding:

Corrective action has been taken and North Lawrence Community Schools is currently filing cash request amendments as needed.

 3/17/09
Dr. Dennis D. Turner
Superintendent

CORRECTIVE ACTION PLAN

Original State Board of Accounts Audit Report No. B29627

Fiscal Year: 7/1/06 to 6/30/07
7/1/07 to 6/30/08

Auditee Contact Person: Dr. Dennis Turner

Title of Contact Person: Superintendent

Phone Number: 812-279-3521

Finding No.: 2008-1 Cash Management

Federal Agency: U.S. Department of Education

Pass-Through Agency: Indiana Department of Education

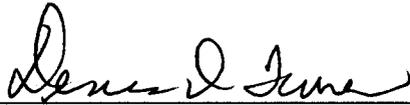
Federal Program: Special Education – Grants to States

CFDA No.: 84.027 and 84.173

Federal Award No.: 14205-049-DY01, 14206-049-PN01, 14207-049-PN01,
14206-049-PY02, 14208-049-PN01, 14207-049-PY02,
45707-049-PN01, 45706-049-PY02, 4708-049-PN01,
45707-049-PY02

Corrective Action:

Corrective action has been taken and North Lawrence Community Schools is currently filing Project Cash Request amendments as needed based on anticipated cash needs.

 3/17/09

Dr. Dennis D. Turner
Superintendent

NORTH LAWRENCE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2009, with Jennie Edwards, Treasurer; Dr. Dennis D. Turner, Superintendent of Schools; and Gary D. Conner, Assistant Superintendent of Schools. The official response has been made a part of this report and may be found on pages 66 and 67.

The contents of this report were discussed on February 19, 2009, with Darlene Y. Atchison, Extra-Curricular Treasurer; and William L. Denney, Bedford North Lawrence High School Principal. The official response has been made a part of this report and may be found on page 68.



NORTH LAWRENCE COMMUNITY SCHOOLS

460 W Street • P.O.Box 729 • Bedford, IN 47421-0729

(812) 279-3521

April 1, 2009

SCHOOLS

Bedford North Lawrence
High School

Bedford Middle School

Dollens Elementary School

Englewood School

Fayetteville Elementary School

Heltonville Elementary School

Lincoln Elementary School

Needmore Elementary School

Oolitic Middle School

Parkview Primary
Elementary School

Parkview Intermediate
Elementary School

Shawswick Elementary/
Middle School

Springville Elementary School

Stalker Elementary School

North Lawrence Vocational
Technical Center

Mr. Chuck Nemeth
State Board of Accounts
302 West Washington Street
Indianapolis, In 46204-2765

RE: Audit for period July 1, 2006 through June 2008

During the exit conference it was noted that as of June 30, 2008, several accounts were overdrawn. The Joint Service Fund is a coop with other school system and expenses are on a reimbursable basis. Billings are completed at the end of June and December; therefore, the account would always be overdrawn.

The Alternative Fund has been funded by Lawrence County Probation and the Department of Child Services of Lawrence County with yearly contributions, and a small payment from the State of Indiana. As of January the program is funded through Ireland Based Services and the Indiana Department of Child Services. This funding will no longer be available as of June 30, 2009. This fund will then no longer exist.

The GED is another fund that will need to be moved to combine with other funds.

It was noted ECA Bonds should be obtained each year rather than a continuation of a Bond. Our insurance company has been notified and will comply. The bond for the Treasurer was filed with the County Recorder as soon as noted.

The prior audit noted a difference on student count requiring a change in State support for the school year 2004-05. This item was corrected and payment made.

Corrections to the Honors Diplomas figures for the year 2007-08 have been corrected with the State.

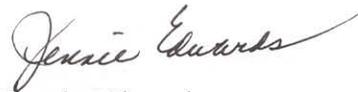
All ECA Treasurers have been advised and have made corrections to insure that they have copies of all receipts and checks in their file with their bank statements.

In talking with personnel in the Athletic Office, I have been told they have ordered and are using the prescribed ticket form SA-4. They are also retaining the ticket stubs for tickets sold.

We are to the best of my knowledge complying with the audit results and comments.

Sincerely,

North Lawrence Community Schools



Jennie Edwards
Treasurer

Cc: Dr. Dennis Turner
Mr. Gary Conner

2014 BOARD OF SUPERVISORS
168 C.J. 1006
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BEDFORD NORTH LAWRENCE HIGH SCHOOL

595 North Stars Boulevard

Bedford, Indiana 47421

(812) 279-9756 - FAX (812) 279-9304

February 19, 2009

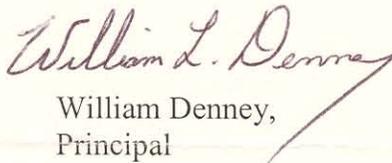
State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

To Whom It May Concern:

In compliance with request of Kevin Fleming, State Auditor for our corporate audit, we submit this letter. Please see the audit results and comments draft enclosed.

This letter is our notification that we have corrected our procedure to retain all tickets for admission to the athletic events and are now using the state approved SA-4 form suggested for better accountability.

Sincerely,


William Denney,
Principal


Darlene Atchison,
ECA Treasurer

enclosure