

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

AUDIT REPORT
OF

NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION
MONTGOMERY COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/25/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	13-14
Notes to Financial Statements	15-24
Required Supplementary Information:	
Schedule of Funding Progress	25
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	26-34
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	35-36
Schedule of Long-Term Debt	37
Audit Result and Comment:	
Procurement Cards	38-39
Supplemental Audit of Federal Awards:	
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.....	42-43
Schedule of Expenditures of Federal Awards	44-45
Notes to Schedule of Expenditures of Federal Awards.....	46
Schedule of Findings and Questioned Costs	47
Summary Schedule of Prior Audit Findings.....	48
Exit Conference.....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda Burkle Monica Wilkerson	07-01-06 to 08-24-07 08-25-07 to 06-30-09
Superintendent of Schools	Dr. Robert E. Brower	07-01-06 to 06-30-09
President of the School Board	Gerald Hole Richard VanArsdel Mark K. McClamroch	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 14, 2009



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

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

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated May 14, 2009.

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

STATE BOARD OF ACCOUNTS

May 14, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 8,374,449	\$ -	\$ 127,778	\$ -	\$ (8,246,671)
Support services	9,488,768	580,359	350,211	-	(8,558,198)
Community services	296,287	-	-	-	(296,287)
Nonprogrammed charges	412,104	-	-	-	(412,104)
Debt service	<u>3,703,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,703,742)</u>
Total government	<u>\$ 22,275,350</u>	<u>\$ 580,359</u>	<u>\$ 477,989</u>	<u>\$ -</u>	<u>(21,217,002)</u>
General receipts:					
Property taxes					7,146,611
Other local sources					905,394
State aid					6,806,448
Bonds and loans					2,345,814
Grants and contributions not restricted to specific programs					792,624
Sale of property, adjustments, and refunds					54,834
Investment earnings					<u>315,080</u>
Total general receipts					<u>18,366,805</u>
Change in net assets					(2,850,197)
Net assets - beginning					<u>8,420,314</u>
Net assets - ending					<u>\$ 5,570,117</u>
<u>Assets</u>					
Cash and investments					\$ 4,232,640
Restricted assets:					
Cash and investments					<u>1,337,477</u>
Total assets					<u>\$ 5,570,117</u>
<u>Net Assets</u>					
Restricted for:					
Debt service					\$ 666,108
Other purposes					671,369
Unrestricted					<u>4,232,640</u>
Total net assets					<u>\$ 5,570,117</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 8,440,474	\$ -	\$ 110,657	\$ -	\$ (8,329,817)
Support services	9,855,200	525,501	460,072	-	(8,869,627)
Community services	341,620	-	-	-	(341,620)
Nonprogrammed charges	525,646	-	-	-	(525,646)
Debt service	6,201,817	-	-	-	(6,201,817)
 Total government	\$ 25,364,757	\$ 525,501	\$ 570,729	\$ -	(24,268,527)
 General receipts:					
Property taxes					12,448,069
Other local sources					1,125,923
State aid					6,802,060
Bonds and loans					3,562,016
Grants and contributions not restricted to specific programs					840,845
Sale of property, adjustments, and refunds					25,127
Investment earnings					388,941
 Total general receipts					25,192,981
 Change in net assets					924,454
 Net assets - beginning					5,570,117
 Net assets - ending					\$ 6,494,571
 <u>Assets</u>					
Cash and investments					\$ 4,609,018
Restricted assets:					
Cash and investments					1,885,553
 Total assets					\$ 6,494,571
 <u>Net Assets</u>					
Restricted for:					
Debt service					\$ 1,321,137
Other purposes					564,416
Unrestricted					4,609,018
 Total net assets					\$ 6,494,571

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 3,386,641	\$ 1,255,161	\$ 30,821	\$ 1,994,261	\$ 1,300,428	\$ 71,431	\$ 908,407	\$ 8,947,150
Intermediate sources	293	-	-	-	-	-	-	293
State sources	6,902,856	-	-	-	-	-	153,539	7,056,395
Federal sources	-	-	-	-	3,511	-	1,017,154	1,020,665
Bonds and loans	-	838,852	-	106,197	1,301,825	-	98,940	2,345,814
Sale of property, adjustments and refunds	6,765	3,180	-	-	11,007	-	33,883	54,835
Total receipts	10,296,555	2,097,193	30,821	2,100,458	2,616,771	71,431	2,211,923	19,425,152
Disbursements:								
Current:								
Instruction	7,604,846	-	-	-	-	-	769,603	8,374,449
Support services	3,208,752	1,760,212	897,816	27,028	2,392,936	221,901	980,123	9,488,768
Community services	296,287	-	-	-	-	-	-	296,287
Nonprogrammed charges	408,242	-	-	-	-	-	59,424	467,666
Debt services	-	-	-	3,405,472	-	-	298,270	3,703,742
Total disbursements	11,518,127	1,760,212	897,816	3,432,500	2,392,936	221,901	2,107,420	22,330,912
Excess (deficiency) of receipts over disbursements	(1,221,572)	336,981	(866,995)	(1,332,042)	223,835	(150,470)	104,503	(2,905,760)
Other financing sources (uses):								
Transfers in	31,370	-	400,000	-	-	-	3,572	434,942
Transfers out	-	(400,000)	-	(31,370)	-	-	(3,572)	(434,942)
Total other financing sources (uses)	31,370	(400,000)	400,000	(31,370)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,190,202)	(63,019)	(466,995)	(1,363,412)	223,835	(150,470)	104,503	(2,905,760)
Cash and investments - beginning	2,335,993	273,397	2,258,070	1,897,544	419,730	153,072	466,702	7,804,508
Cash and investments - ending	\$ 1,145,791	\$ 210,378	\$ 1,791,075	\$ 534,132	\$ 643,565	\$ 2,602	\$ 571,205	4,898,748
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.								
								671,369
Net assets of governmental activities								<u>\$ 5,570,117</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,145,791	\$ 210,378	\$ 1,791,075	\$ -	\$ 643,565	\$ 2,602	\$ 439,229	\$ 4,232,640
Restricted assets:								
Cash and investments	-	-	-	534,132	-	-	131,976	666,108
Total cash and investment assets - ending	\$ 1,145,791	\$ 210,378	\$ 1,791,075	\$ 534,132	\$ 643,565	\$ 2,602	\$ 571,205	\$ 4,898,748
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 534,132	\$ -	\$ -	\$ 131,976	\$ 666,108
Unrestricted	1,145,791	210,378	1,791,075	-	643,565	2,602	439,229	4,232,640
Total cash and investment fund balance - ending	\$ 1,145,791	\$ 210,378	\$ 1,791,075	\$ 534,132	\$ 643,565	\$ 2,602	\$ 571,205	\$ 4,898,748

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,491,454	\$ 2,145,427	\$ 17,745	\$ 3,546,204	\$ 2,290,637	\$ 8,969	\$ 1,006,747	\$ 14,507,183
Intermediate sources	586	-	-	-	-	-	-	586
State sources	6,898,528	-	-	-	-	-	254,697	7,153,225
Federal sources	-	-	-	-	-	-	1,041,074	1,041,074
Bonds and loans	-	1,175,314	-	764,551	1,480,012	-	142,139	3,562,016
Sale of property, adjustments and refunds	9,209	1,321	-	-	5,085	-	9,512	25,127
Total receipts	12,399,777	3,322,062	17,745	4,310,755	3,775,734	8,969	2,454,169	26,289,211
Disbursements:								
Current:								
Instruction	7,607,329	-	-	-	-	-	833,145	8,440,474
Support services	3,381,892	1,895,563	977,580	31,875	2,441,191	-	1,127,099	9,855,200
Community services	341,620	-	-	-	-	-	-	341,620
Nonprogrammed charges	356,312	-	-	-	-	-	62,381	418,693
Debt services	-	838,852	-	3,662,806	1,301,825	-	398,334	6,201,817
Total disbursements	11,687,153	2,734,415	977,580	3,694,681	3,743,016	-	2,420,959	25,257,804
Excess (deficiency) of receipts over disbursements	712,624	587,647	(959,835)	616,074	32,718	8,969	33,210	1,031,407
Other financing sources (uses):								
Transfers in	-	-	2,100,000	-	-	-	9,646	2,109,646
Transfers out	(1,700,000)	(400,000)	-	-	-	-	(9,646)	(2,109,646)
Total other financing sources (uses)	(1,700,000)	(400,000)	2,100,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(987,376)	187,647	1,140,165	616,074	32,718	8,969	33,210	1,031,407
Cash and investments - beginning	1,145,791	210,378	1,791,075	534,132	643,565	2,602	571,205	4,898,748
Cash and investments - ending	\$ 158,415	\$ 398,025	\$ 2,931,240	\$ 1,150,206	\$ 676,283	\$ 11,571	\$ 604,415	5,930,155
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.								
								564,416
Net assets of governmental activities								\$ 6,494,571
Cash and Investment Assets - Ending								
Cash and investments	\$ 158,415	\$ 398,025	\$ 2,931,240	\$ -	\$ 676,283	\$ 11,571	\$ 433,484	\$ 4,609,018
Restricted assets:								
Cash and investments	-	-	-	1,150,206	-	-	170,931	1,321,137
Total cash and investment assets - ending	\$ 158,415	\$ 398,025	\$ 2,931,240	\$ 1,150,206	\$ 676,283	\$ 11,571	\$ 604,415	\$ 5,930,155
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 1,150,206	\$ -	\$ -	\$ 170,931	\$ 1,321,137
Unrestricted	158,415	398,025	2,931,240	-	676,283	11,571	433,484	4,609,018
Total cash and investment fund balance - ending	\$ 158,415	\$ 398,025	\$ 2,931,240	\$ 1,150,206	\$ 676,283	\$ 11,571	\$ 604,415	\$ 5,930,155

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
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:	
Charges for services	\$ 1,039,635
Operating disbursements:	
Insurance claims and expense	984,072
Change in net assets	55,563
Cash and investment fund balance - beginning	615,806
Cash and investment fund balance - ending	\$ 671,369
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 671,369
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 671,369

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
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:	
Charges for services	\$ 880,713
Operating disbursements:	
Insurance claims and expense	571,591
Other	416,075
Total operating disbursements	987,666
Change in net assets	(106,953)
Cash and investment fund balance - beginning	671,369
Cash and investment fund balance - ending	\$ 564,416
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 564,416
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 564,416

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 34,073	
Investment earnings:			
Interest	161,188	-	
Total additions	161,188	34,073	
Deductions:			
Benefits			
Administrative and general	17,000	-	
	-	34,671	
Total deductions	17,000	34,671	
Excess (deficiency) of total additions over total deductions	144,188	(598)	
Cash and investment fund balance - beginning	3,518,400	5,080	
Cash and investment fund balance - ending	\$ 3,662,588	\$ 4,482	\$ 3
Net assets:			
Cash and investments	\$ 3,662,588	\$ 4,482	
Total net assets - cash and investment basis held in trust	\$ 3,662,588	\$ 4,482	

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ 1,517	\$ 44,115	
Investment earnings:			
Interest	<u>76,739</u>	<u>-</u>	
Total additions	<u>78,256</u>	<u>44,115</u>	
Deductions:			
Benefits	162,061	-	
Administrative and general	<u>-</u>	<u>29,992</u>	
Total deductions	<u>162,061</u>	<u>29,992</u>	
Excess (deficiency) of total additions over total deductions	(83,805)	14,123	
Cash and investment fund balance - beginning	<u>3,662,588</u>	<u>4,482</u>	
Cash and investment fund balance - ending	<u>\$ 3,578,783</u>	<u>\$ 18,605</u>	<u>\$ 152,284</u>
Net assets:			
Cash and investments	<u>\$ 3,578,783</u>	<u>\$ 18,605</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 3,578,783</u>	<u>\$ 18,605</u>	

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Joint Venture

The School Corporation is a participant with 8 other school corporations in a joint venture to operate the West Central Indiana Special Services Cooperative which was created to provide instruction and vocational programs for special needs students. The School Corporation is obligated by contract to remit its proportional share of program costs annually. Complete financial statements for the West Central Indiana Special Services Cooperative can be obtained from Crawfordsville Community School Corporation at 1000 Fairview Avenue, Crawfordsville, IN 47933.

The School Corporation is a participant with 7 other school corporations in a joint venture to operate the West Central Indiana Career and Technical Education Cooperative which was created to provide vocational programs for students. Administrative costs are divided equally among participants while program costs are prorated based on enrollment in the various programs. Complete financial statements for the West Central Indiana Career and Technical Education Cooperative can be obtained from Crawfordsville Community School Corporation at 1000 Fairview Avenue, Crawfordsville, IN 47933.

The School Corporation is a participant with 37 other school corporations in a joint venture to operate the Wabash Valley Education Center which was created to provide educational services to school staff. Participating school corporations share programs and services which they collectively implement. Participation fees are based on ADM counts and service fees are based on purchases. Complete financial statements for the Wabash Valley Education Center can be obtained from West Lafayette School Corporation at 1130 N. Salisbury Avenue, West Lafayette, IN 47903.

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
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.

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 rainy day fund was established by the school board of trustees by resolution. The resolution set up the use of funds for the following purposes: bus purchases, land purchases, utility payments, corporation vehicle purchases, property and casualty insurance payments, professional development, bus insurance, technology purchases, cooperative payments, emergencies not covered by capital project fund, capital improvements or building projects deemed necessary and not covered by bond money or the capital project fund and other reasons as deemed necessary by the board.

Additionally, the School Corporation reports the following fund types:

The internal service fund is a risk financing fund for risks associated with medical benefits to employees, retirees and dependents.

The pension trust funds account for the financing of payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

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

Agency funds account for assets held by the School Corporation as an agent for various payroll withholdings.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Due to problems at the county level, taxes normally due May 10, 2007, were due July 20, 2007, and taxes normally due May 10, 2008, were due September 9, 2008.

3. Capital Assets

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of June 30, 2008, the School Corporation did not have any investments.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006-2007</u>	<u>2007-2008</u>
General Fund	Rainy Day	\$ -	\$ 1,700,000
Debt Service	General Fund	31,370	-
Transportation	Rainy Day	400,000	400,000
Other governmental funds	Other governmental funds	<u>3,572</u>	<u>9,646</u>
Totals		<u>\$ 434,942</u>	<u>\$ 2,109,646</u>

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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 to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$70,000 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.

B. Holding Corporations

The School Corporation has entered into capital leases with North Montgomery Elementary School Building Corporation and North Montgomery High 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 for the years totaled \$3,062,991 and \$3,244,470, respectively. Final payment to the North Montgomery Elementary School Building Corporation was made June 30, 2008.

C. Termination Benefits

Upon retirement, employees will receive a severance entitlement ranging from \$2,000 to \$8,000 based upon their years of service. During the years ended June 30, 2007, and June 30, 2008, disbursements of \$68,000 and \$54,000, respectively, were recognized for severance entitlements.

D. Postemployment Benefits

The school corporation provides postemployment early retirement benefits to eligible employees covered under the 1997-98 Early Retirement Benefits Plan (old plan for teachers hired before January 1, 1999). To qualify for early retirement benefits, a teacher must be 50 years of age and must be credited with 12 years of full-time teaching experience in the North Montgomery Community School Corporation. A teacher retiring under this plan will receive \$5,000 per year until

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

they are eligible for unrestricted social security benefits. Currently, there are 44 retired employees participating in this program. During the years ended June 30, 2007, and June 30, 2008, disbursements of \$211,175 and \$188,400, respectively, were recognized for postemployment benefits.

E. 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

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.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 47,837
Interest on net pension obligation	(4,230)
Adjustment to annual required contribution	4,820
Annual pension cost	48,427
Contributions made	16,509
Increase (decrease) in net pension obligation	31,918
Net pension obligation, beginning of year	(58,342)
Net pension obligation, end of year	\$ (26,424)

	PERF
Contribution rates:	
School Corporation	1.75%
Plan members	3%
Actuarial valuation date	07-01-7
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 14,536	80%	\$ (58,377)
	06-30-06	13,214	100%	(58,342)
	06-30-07	48,427	34%	(26,424)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$319,825, \$278,799, and \$230,512, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,150,397	\$ 803,428	\$ 346,969	143%	\$ 748,542	46%
07-01-06	999,551	840,129	159,422	119%	919,118	17%
07-01-07	1,124,132	965,983	158,149	116%	886,806	18%

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

	Special Education Preschool	School Lunch	Textbook Rental	Safe Haven Grant	Early Intervention	Fee Account
Receipts:						
Local sources	\$ 6,280	\$ 523,580	\$ 167,402	\$ -	\$ -	\$ 37,129
State sources	65,677	13,773	40,568	2,905	1,500	-
Federal sources	-	286,197	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,040	12,843	-	-	-
Total receipts	<u>71,957</u>	<u>824,590</u>	<u>220,813</u>	<u>2,905</u>	<u>1,500</u>	<u>37,129</u>
Disbursements:						
Current:						
Instruction	37,145	-	-	-	1,500	42,760
Support services	-	755,207	183,170	2,905	-	-
Nonprogrammed charges	59,424	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>96,569</u>	<u>755,207</u>	<u>183,170</u>	<u>2,905</u>	<u>1,500</u>	<u>42,760</u>
Excess (deficiency) of receipts over disbursements	<u>(24,612)</u>	<u>69,383</u>	<u>37,643</u>	<u>-</u>	<u>-</u>	<u>(5,631)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(24,612)</u>	<u>69,383</u>	<u>37,643</u>	<u>-</u>	<u>-</u>	<u>(5,631)</u>
Cash and investments - beginning	<u>42,011</u>	<u>156,597</u>	<u>50,454</u>	<u>-</u>	<u>-</u>	<u>25,550</u>
Cash and investments - ending	<u>\$ 17,399</u>	<u>\$ 225,980</u>	<u>\$ 88,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,919</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,399	\$ 225,980	\$ 88,097	\$ -	\$ -	\$ 19,919
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 17,399</u>	<u>\$ 225,980</u>	<u>\$ 88,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,919</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,399	225,980	88,097	-	-	19,919
Total cash and investment fund balance - ending	<u>\$ 17,399</u>	<u>\$ 225,980</u>	<u>\$ 88,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,919</u>

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

	Gifted and Talented 2005-06	Project Lead the Way	Gifted and Talented 2006-07	Non English Speaking Language	Technology Grant	Title I 2006-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	14,002	137	14,977	-
Federal sources	-	-	-	-	-	134,155
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	14,002	137	14,977	134,155
Disbursements:						
Current:						
Instruction	6,588	200	6,321	181	-	125,067
Support services	-	-	-	-	3,654	3,000
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	6,588	200	6,321	181	3,654	128,067
Excess (deficiency) of receipts over disbursements	(6,588)	(200)	7,681	(44)	11,323	6,088
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,847
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,847
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,588)	(200)	7,681	(44)	11,323	7,935
Cash and investments - beginning	6,588	200	-	44	2,613	-
Cash and investments - ending	\$ -	\$ -	\$ 7,681	\$ -	\$ 13,936	\$ 7,935
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 7,681	\$ -	\$ 13,936	\$ 7,935
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 7,681	\$ -	\$ 13,936	\$ 7,935
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	7,681	-	13,936	7,935
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 7,681	\$ -	\$ 13,936	\$ 7,935

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

	Title I 2005-06	Title V Part A 2005-06	Title V Part A 2006-08	Special Education 2006-07	Special Education Preschool 2005-06	Public Law 99-457 Preschool
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	12,000	1,000	2,339	471,440	1,123	14,419
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>12,000</u>	<u>1,000</u>	<u>2,339</u>	<u>471,440</u>	<u>1,123</u>	<u>14,419</u>
Disbursements:						
Current:						
Instruction	12,530	1,420	5,064	434,344	-	14,419
Support services	-	-	-	4,814	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>12,530</u>	<u>1,420</u>	<u>5,064</u>	<u>439,158</u>	<u>-</u>	<u>14,419</u>
Excess (deficiency) of receipts over disbursements	<u>(530)</u>	<u>(420)</u>	<u>(2,725)</u>	<u>32,282</u>	<u>1,123</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	1,725	-	-	-
Transfers out	(1,847)	-	-	-	-	-
Total other financing sources (uses)	<u>(1,847)</u>	<u>-</u>	<u>1,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,377)</u>	<u>(420)</u>	<u>(1,000)</u>	<u>32,282</u>	<u>1,123</u>	<u>-</u>
Cash and investments - beginning	<u>2,377</u>	<u>420</u>	<u>-</u>	<u>(32,282)</u>	<u>(1,123)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ (1,000)	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	(1,000)	-	-	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Safe and Drug-Free Schools 2005-06	Safe and Drug-Free Schools 2006-07	Team Nutrition	Indiana Career Majors	Improving Teacher Quality
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	5,725	-	500	23,393	64,288
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>5,725</u>	<u>-</u>	<u>500</u>	<u>23,393</u>	<u>64,288</u>
Disbursements:					
Current:					
Instruction	-	-	500	4,485	76,504
Support services	-	3,034	-	22,758	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>-</u>	<u>3,034</u>	<u>500</u>	<u>27,243</u>	<u>76,504</u>
Excess (deficiency) of receipts over disbursements	<u>5,725</u>	<u>(3,034)</u>	<u>-</u>	<u>(3,850)</u>	<u>(12,216)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,725)	-	-	-	-
Total other financing sources (uses)	<u>(1,725)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,000	(3,034)	-	(3,850)	(12,216)
Cash and investments - beginning	-	3,325	-	-	1,907
Cash and investments - ending	<u>\$ 4,000</u>	<u>\$ 291</u>	<u>\$ -</u>	<u>\$ (3,850)</u>	<u>\$ (10,309)</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 4,000	\$ 291	\$ -	\$ (3,850)	\$ (10,309)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,000</u>	<u>\$ 291</u>	<u>\$ -</u>	<u>\$ (3,850)</u>	<u>\$ (10,309)</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,000	291	-	(3,850)	(10,309)
Total cash and investment fund balance - ending	<u>\$ 4,000</u>	<u>\$ 291</u>	<u>\$ -</u>	<u>\$ (3,850)</u>	<u>\$ (10,309)</u>

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

	Title II, Part D 2005-06	Title III Part A	Retirement/ Severance Bond	Repair and Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 174,016	\$ -	\$ 908,407
State sources	-	-	-	-	153,539
Federal sources	-	575	-	-	1,017,154
Bonds and loans	-	-	98,940	-	98,940
Sale of property, adjustments and refunds	-	-	-	20,000	33,883
	<u>-</u>	<u>575</u>	<u>272,956</u>	<u>20,000</u>	<u>2,211,923</u>
Disbursements:					
Current:					
Instruction	-	575	-	-	769,603
Support services	1,459	-	-	122	980,123
Nonprogrammed charges	-	-	-	-	59,424
Debt services	-	-	298,270	-	298,270
	<u>1,459</u>	<u>575</u>	<u>298,270</u>	<u>122</u>	<u>2,107,420</u>
Excess (deficiency) of receipts over disbursements	<u>(1,459)</u>	<u>-</u>	<u>(25,314)</u>	<u>19,878</u>	<u>104,503</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	3,572
Transfers out	-	-	-	-	(3,572)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,459)</u>	<u>-</u>	<u>(25,314)</u>	<u>19,878</u>	<u>104,503</u>
Cash and investments - beginning	<u>1,459</u>	<u>-</u>	<u>157,290</u>	<u>49,272</u>	<u>466,702</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,976</u>	<u>\$ 69,150</u>	<u>\$ 571,205</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 69,150	\$ 439,229
Restricted assets:					
Cash and investments	-	-	131,976	-	131,976
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,976</u>	<u>\$ 69,150</u>	<u>\$ 571,205</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 131,976	\$ -	\$ 131,976
Unrestricted	-	-	-	69,150	439,229
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,976</u>	<u>\$ 69,150</u>	<u>\$ 571,205</u>

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

	Special Education Preschool	School Lunch	Textbook Rental	Early Intervention	Gifted and Talented 2007-08	Gifted and Talented 2006-07
Receipts:						
Local sources	\$ 15,177	\$ 491,446	\$ 150,664	\$ -	\$ -	\$ -
State sources	64,370	13,902	104,264	27,723	34,977	-
Federal sources	-	287,581	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	9,512	-	-	-	-
Total receipts	<u>79,547</u>	<u>802,441</u>	<u>254,928</u>	<u>27,723</u>	<u>34,977</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	24,162	-	-	27,723	27,632	7,681
Support services	4,583	863,495	138,487	-	-	-
Nonprogrammed charges	45,417	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>74,162</u>	<u>863,495</u>	<u>138,487</u>	<u>27,723</u>	<u>27,632</u>	<u>7,681</u>
Excess (deficiency) of receipts over disbursements	<u>5,385</u>	<u>(61,054)</u>	<u>116,441</u>	<u>-</u>	<u>7,345</u>	<u>(7,681)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,385</u>	<u>(61,054)</u>	<u>116,441</u>	<u>-</u>	<u>7,345</u>	<u>(7,681)</u>
Cash and investments - beginning	<u>17,399</u>	<u>225,980</u>	<u>88,097</u>	<u>-</u>	<u>-</u>	<u>7,681</u>
Cash and investments - ending	<u>\$ 22,784</u>	<u>\$ 164,926</u>	<u>\$ 204,538</u>	<u>\$ -</u>	<u>\$ 7,345</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 22,784	\$ 164,926	\$ 204,538	\$ -	\$ 7,345	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 22,784</u>	<u>\$ 164,926</u>	<u>\$ 204,538</u>	<u>\$ -</u>	<u>\$ 7,345</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	22,784	164,926	204,538	-	7,345	-
Total cash and investment fund balance - ending	<u>\$ 22,784</u>	<u>\$ 164,926</u>	<u>\$ 204,538</u>	<u>\$ -</u>	<u>\$ 7,345</u>	<u>\$ -</u>

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

	Fee Account	Non-English Speaking Language	Technology Grant	Western Crossroads Grant	Title I 2006-07	Title I 2007-08
Receipts:						
Local sources	\$ 54,310	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,595	5,366	1,500	-	-
Federal sources	-	-	-	-	-	200,691
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>54,310</u>	<u>2,595</u>	<u>5,366</u>	<u>1,500</u>	<u>-</u>	<u>200,691</u>
Disbursements:						
Current:						
Instruction	50,866	2,595	-	-	-	177,783
Support services	-	-	16,385	1,500	-	21,375
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>50,866</u>	<u>2,595</u>	<u>16,385</u>	<u>1,500</u>	<u>-</u>	<u>199,158</u>
Excess (deficiency) of receipts over disbursements	<u>3,444</u>	<u>-</u>	<u>(11,019)</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	7,935
Transfers out	-	-	-	-	(7,935)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,935)</u>	<u>7,935</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,444</u>	<u>-</u>	<u>(11,019)</u>	<u>-</u>	<u>(7,935)</u>	<u>9,468</u>
Cash and investments - beginning	<u>19,919</u>	<u>-</u>	<u>13,936</u>	<u>-</u>	<u>7,935</u>	<u>-</u>
Cash and investments - ending	<u>\$ 23,363</u>	<u>\$ -</u>	<u>\$ 2,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,468</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 23,363	\$ -	\$ 2,917	\$ -	\$ -	\$ 9,468
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 23,363</u>	<u>\$ -</u>	<u>\$ 2,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,468</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	23,363	-	2,917	-	-	9,468
Total cash and investment fund balance - ending	<u>\$ 23,363</u>	<u>\$ -</u>	<u>\$ 2,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,468</u>

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

	Title V Part A 2006-08	Special Education 2007-08	Special Education Preschool 2007-080	Safe and Drug Free Schools 2005-06	Safe and Drug Free Schools 2006-07	Indiana Career Majors
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	4,351	448,038	15,673	2,000	-	11,608
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>4,351</u>	<u>448,038</u>	<u>15,673</u>	<u>2,000</u>	<u>-</u>	<u>11,608</u>
Disbursements:						
Current:						
Instruction	5,166	436,640	-	-	646	5,225
Support services	-	7,282	-	1,173	415	2,533
Nonprogrammed charges	-	-	15,673	1,000	291	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>5,166</u>	<u>443,922</u>	<u>15,673</u>	<u>2,173</u>	<u>1,352</u>	<u>7,758</u>
Excess (deficiency) of receipts over disbursements	<u>(815)</u>	<u>4,116</u>	<u>-</u>	<u>(173)</u>	<u>(1,352)</u>	<u>3,850</u>
Other financing sources (uses):						
Transfers in	1,711	-	-	-	-	-
Transfers out	-	-	-	-	(1,711)	-
Total other financing sources (uses)	<u>1,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,711)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>896</u>	<u>4,116</u>	<u>-</u>	<u>(173)</u>	<u>(3,063)</u>	<u>3,850</u>
Cash and investments - beginning	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>291</u>	<u>(3,850)</u>
Cash and investments - ending	<u>\$ (104)</u>	<u>\$ 4,116</u>	<u>\$ -</u>	<u>\$ 3,827</u>	<u>\$ (2,772)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (104)	\$ 4,116	\$ -	\$ 3,827	\$ (2,772)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (104)</u>	<u>\$ 4,116</u>	<u>\$ -</u>	<u>\$ 3,827</u>	<u>\$ (2,772)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(104)	4,116	-	3,827	(2,772)	-
Total cash and investment fund balance - ending	<u>\$ (104)</u>	<u>\$ 4,116</u>	<u>\$ -</u>	<u>\$ 3,827</u>	<u>\$ (2,772)</u>	<u>\$ -</u>

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

	Improving Teacher Quality	Title III Part A	Retirement/ Severance Bond	Repair and Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 295,150	\$ -	\$ 1,006,747
State sources	-	-	-	-	254,697
Federal sources	70,000	1,132	-	-	1,041,074
Bonds and loans	-	-	142,139	-	142,139
Sale of property, adjustments and refunds	-	-	-	-	9,512
Total receipts	<u>70,000</u>	<u>1,132</u>	<u>437,289</u>	<u>-</u>	<u>2,454,169</u>
Disbursements:					
Current:					
Instruction	66,615	411	-	-	833,145
Support services	-	721	-	69,150	1,127,099
Nonprogrammed charges	-	-	-	-	62,381
Debt services	-	-	398,334	-	398,334
Total disbursements	<u>66,615</u>	<u>1,132</u>	<u>398,334</u>	<u>69,150</u>	<u>2,420,959</u>
Excess (deficiency) of receipts over disbursements	<u>3,385</u>	<u>-</u>	<u>38,955</u>	<u>(69,150)</u>	<u>33,210</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	9,646
Transfers out	-	-	-	-	(9,646)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,385</u>	<u>-</u>	<u>38,955</u>	<u>(69,150)</u>	<u>33,210</u>
Cash and investments - beginning	<u>(10,309)</u>	<u>-</u>	<u>131,976</u>	<u>69,150</u>	<u>571,205</u>
Cash and investments - ending	<u>\$ (6,924)</u>	<u>\$ -</u>	<u>\$ 170,931</u>	<u>\$ -</u>	<u>\$ 604,415</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (6,924)	\$ -	\$ -	\$ -	\$ 433,484
Restricted assets:					
Cash and investments	-	-	170,931	-	170,931
Total cash and investment assets - ending	<u>\$ (6,924)</u>	<u>\$ -</u>	<u>\$ 170,931</u>	<u>\$ -</u>	<u>\$ 604,415</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 170,931	\$ -	\$ 170,931
Unrestricted	<u>(6,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,484</u>
Total cash and investment fund balance - ending	<u>\$ (6,924)</u>	<u>\$ -</u>	<u>\$ 170,931</u>	<u>\$ -</u>	<u>\$ 604,415</u>

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

	<u>Adventure Trips</u>	<u>Rebate ASBO</u>	<u>Next Leadership Training</u>	<u>Coca Cola</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ 6,774	\$ 8,972	\$ -	\$ 18,327	\$ 34,073
Total additions	<u>6,774</u>	<u>8,972</u>	<u>-</u>	<u>18,327</u>	<u>34,073</u>
Deductions:					
Administrative and general	<u>5,482</u>	<u>10,710</u>	<u>152</u>	<u>18,327</u>	<u>34,671</u>
Excess (deficiency) of total additions over total deductions	1,292	(1,738)	(152)	-	(598)
Cash and investment fund balance - beginning	<u>3,190</u>	<u>1,738</u>	<u>152</u>	<u>-</u>	<u>5,080</u>
Cash and investments - June 30	<u>\$ 4,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482</u>
Net assets:					
Cash and investments	<u>\$ 4,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,482</u>

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

	<u>Adventure Trips</u>	<u>Rebate ASBO</u>	<u>AHEAD Coalition</u>	<u>Coca Cola</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ 4,935	\$ 16,430	\$ 4,750	\$ 18,000	\$ 44,115
Total additions	<u>4,935</u>	<u>16,430</u>	<u>4,750</u>	<u>18,000</u>	<u>44,115</u>
Deductions:					
Administrative and general	<u>5,324</u>	<u>6,758</u>	<u>-</u>	<u>17,910</u>	<u>29,992</u>
Excess (deficiency) of total additions over total deductions	(389)	9,672	4,750	90	14,123
Cash and investment fund balance - beginning	<u>4,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,482</u>
Cash and investments - June 30	<u>\$ 4,093</u>	<u>\$ 9,672</u>	<u>\$ 4,750</u>	<u>\$ 90</u>	<u>\$ 18,605</u>
Net assets:					
Cash and investments	<u>\$ 4,093</u>	<u>\$ 9,672</u>	<u>\$ 4,750</u>	<u>\$ 90</u>	<u>\$ 18,605</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,093</u>	<u>\$ 9,672</u>	<u>\$ 4,750</u>	<u>\$ 90</u>	<u>\$ 18,605</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
North Montgomery High School	\$ 13,990,478	\$ 1,800,000
Notes and loans payable		
Tax Anticipation Notes	3,562,016	3,591,773
Common School Fund Loan	499,720	219,002
General obligation bonds:		
Pension Bonds	3,095,000	299,617
Total governmental activities debt	<u>\$ 21,147,214</u>	<u>\$ 5,910,392</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

PROCUREMENT CARDS

The North Montgomery Community School Corporation is using procurement cards (Pro-Cards), in some instances, to purchase items without an approved policy. The Resolution Authorizing Issuance of Individual Procurement Cards was approved by the Board of Trustees on December 20, 2004. The following are issues with the procurement card and procedures:

1. Currently the pro-card is sometimes used to bypass the normal purchasing process, purchases are made with a pro-card without prior expressed approval by the supervisor.
2. Employees match their receipts to the statements, assign account numbers for posting and submit them back to the Treasurer without review or approval by the supervisors.
3. Payment for pro-card purchases is electronically deducted from the School Corporation's bank account prior to approval of the purchases by the Board.
4. Procurement card policy requires review of the invoices by the Treasurer and final approval by the Business Manager. The Treasurer does not document her review of the invoices and the Business Manager is not giving final approval.
5. Of 168 invoices reviewed, ten were not adequately supported.

The State Board of Accounts will not take exception to the use of credit/procurement cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize procurement card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the procurement card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Procurement cards should be used in conjunction with the accounting system.
- (7) Payment should not be made on the basis of a statement or a procurement card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.
- (9) Procurement cards shall not be used to procure cash advances at "ATM" machines or as a debit card.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT
(Continued)

(10) (A) An audit trail must exist for all transactions

(B) An audit trail must also exist for any changes made by an "administrator" such as card parameters, etc. . . .

(11) Access to transactions in accordance with the Public Records Law, IC 5-14-3-1 et seq. as appropriate must be assured.

(12) Procurement card agreements should not contain references to debt.

(13) Governmental units need to have available (if applicable) a copy of "SAS 70" audits of a sponsoring bank.

(The School Administrator and Uniform Compliance Guidelines, Volume 166)

IC 5-11-10-1.6(c) states in part:

"(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

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

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)

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

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

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

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

STATE BOARD OF ACCOUNTS

May 14, 2009

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 06-07	\$ 59,540	\$ -
		FY 07-08	-	55,204
Total for program			59,540	55,204
National School Lunch Program	10.555			
		FY 06-07	226,657	-
		FY 07-08	-	232,377
Total for program			226,657	232,377
Team Nutrition Grant	10.574	CNTN-05-IN-1	500	-
Total for federal grantor agency			286,697	287,581
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Crawfordsville Community School Corporation				
Special Education Cluster				
Special Education - Grants to States	84.027			
		PL 101-476	439,158	-
		PL 108-446	-	448,038
Total for program			439,158	448,038
Special Education - Preschool Grants	84.173			
		Project 06-07	14,419	-
		Project 07-08	-	15,673
Total for program			14,419	15,673
Total for Cluster			453,577	463,711
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		Project 06-5835	14,377	-
		Project 07-5835	128,067	29,935
		Project 08-5835	-	183,416
Total for program			142,444	213,351

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
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>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grant	84.186			
		Project 05-070	3,034	291
		Project 06-5835	1,725	2,173
		Project 07-5835	-	2,772
Total for program			4,759	5,236
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243			
		TP-6-216	27,243	7,757
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		Project 05-138	1,420	-
		Project 07-5835	5,064	5,166
Total for program			6,484	5,166
Pass-Through Indiana Department of Education Education Technology State Grants	84.318			
		Project 06-07	1,459	-
Pass-Through Wabash Valley Education Center English Language Acquisition Grants	84.365			
		Project 06-07	575	-
		Project 07-08	-	1,132
Total for program			575	1,132
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		Project 05-095	41,907	10,000
		Project 06-5835	34,597	29,691
		Project 07-5835	-	36,924
Total for program			76,504	76,615
Total for federal grantor agency			713,045	772,968
Total federal awards expended			\$ 999,742	\$ 1,060,549

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2006-2007	2007-2008
School Breakfast Program	10.553	\$ 5,750	\$ 5,347
National School Lunch Program	10.555	21,888	22,508

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2009, with Dr. Robert E. Brower, Superintendent of Schools; Mark K. McClamroch, President of the School Board; Jim McBee, Director of Business and Transportation; and Monica Wilkerson, Treasurer. The officials concurred with our audit findings.