

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, 2008 to June 30, 2010



FILED

03/02/2011

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 Fund	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
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	37-38
Schedule of Long-Term Debt	39
Audit Result and Comment:	
Transportation Fund Expenditures	40
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
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	48
Exit Conference.....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Monica Wilkerson	07-01-08 to 05-27-09
	(Vacant)	05-28-09 to 07-19-09
	Julia Dake	07-20-09 to 03-21-10
	Glenda Nice	03-22-10 to 06-30-11
Superintendent of Schools	Robert Brower	07-01-08 to 06-30-10
	Colleen M. Moran	07-01-10 to 06-30-11
President of the School Board	Mark McClamroch	07-01-08 to 06-30-09
	Karin Kerber Odle	07-01-09 to 06-30-11



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, 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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, 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 February 15, 2011, 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 integral part of 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 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

February 15, 2011



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, 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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 15, 2011. 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.

This report is intended solely for the information and use of the School Corporation's management, the School Board, 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

February 15, 2011

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<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		
Governmental activities:					
Instruction	\$ 8,137,462	\$ -	\$ 227,780	\$ (7,909,682)	
Support services	7,507,882	558,635	358,841	(6,590,406)	
Noninstructional services	1,233,937	-	-	(1,233,937)	
Facilities acquisition and construction	1,638,102	-	-	(1,638,102)	
Debt service	5,895,848	-	-	(5,895,848)	
Nonprogrammed charges	<u>1,892,022</u>	<u>-</u>	<u>-</u>	<u>(1,892,022)</u>	
Total governmental activities	<u>\$ 26,305,253</u>	<u>\$ 558,635</u>	<u>\$ 586,621</u>	<u>(25,159,997)</u>	
General receipts:					
Property taxes				10,618,953	
Other local sources				1,331,960	
State aid				8,197,644	
Grants and contributions not restricted to specific programs				1,792,690	
Sale of property				37,869	
Investment earnings				179,751	
Other				<u>4,004</u>	
Total general receipts				<u>22,162,871</u>	
Change in net assets				(2,997,126)	
Net assets - beginning				<u>6,494,571</u>	
Net assets - ending				<u>\$ 3,497,445</u>	
<u>Assets</u>					
Cash and investments				\$ 2,685,731	
Restricted assets:					
Cash and investments				<u>811,714</u>	
Total assets				<u>\$ 3,497,445</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 367,988	
Other purposes				443,726	
Unrestricted				<u>2,685,731</u>	
Total net assets				<u>\$ 3,497,445</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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 8,143,424	\$ -	\$ 226,660	\$ (7,916,764)
Support services	8,289,913	536,442	507,458	(7,246,013)
Noninstructional services	1,275,304	-	-	(1,275,304)
Facilities acquisition and construction	1,567,953	-	-	(1,567,953)
Debt service	2,323,259	-	-	(2,323,259)
Nonprogrammed charges	<u>395,637</u>	<u>-</u>	<u>-</u>	<u>(395,637)</u>
Total governmental activities	<u>\$ 21,995,490</u>	<u>\$ 536,442</u>	<u>\$ 734,118</u>	<u>(20,724,930)</u>
General receipts:				
Property taxes				9,476,493
Other local sources				1,065,563
State aid				11,482,315
Grants and contributions not restricted to specific programs				1,546,249
Sale of property				62,722
Investment earnings				107,918
Other				<u>3,965</u>
Total general receipts				<u>23,745,225</u>
Change in net assets				3,020,295
Net assets - beginning				<u>3,497,444</u>
Net assets - ending				<u>\$ 6,517,739</u>
<u>Assets</u>				
Cash and investments				\$ 4,788,478
Restricted assets:				
Cash and investments				<u>1,729,261</u>
Total assets				<u>\$ 6,517,739</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,266,693
Other purposes				462,568
Unrestricted				<u>4,788,478</u>
Total net assets				<u>\$ 6,517,739</u>

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, 2009

	General	Transportation Operating	Rainy Day	ARRA - Fiscal Stabilization Grant	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 5,247,104	\$ 2,176,657	\$ -	\$ -	\$ 2,009,336	\$ 2,203,581	\$ 1,052,329	\$ 12,689,007
Intermediate sources	293	-	-	-	-	-	-	293
State sources	8,390,373	-	-	-	-	-	180,786	8,571,159
Federal sources	-	-	-	1,008,045	-	-	997,750	2,005,795
Other	-	3,400	-	-	-	-	604	4,004
Total receipts	13,637,770	2,180,057	-	1,008,045	2,009,336	2,203,581	2,231,469	23,270,258
Disbursements:								
Current:								
Instruction	7,359,817	-	-	-	-	-	777,645	8,137,462
Support services	3,989,922	1,806,911	197,389	-	-	1,195,837	317,823	7,507,882
Noninstructional services	370,585	-	-	-	-	-	863,352	1,233,937
Facilities acquisition and construction	18,350	-	748,287	-	-	871,465	-	1,638,102
Debt services	-	1,175,314	-	-	2,798,766	1,480,012	441,756	5,895,848
Nonprogrammed charges	1,671,366	-	-	-	-	-	99,966	1,771,332
Total disbursements	13,410,040	2,982,225	945,676	-	2,798,766	3,547,314	2,500,542	26,184,563
Excess (deficiency) of receipts over disbursements	227,730	(802,168)	(945,676)	1,008,045	(789,430)	(1,343,733)	(269,073)	(2,914,305)
Other financing sources (uses):								
Sale of capital assets	6,137	4,256	-	-	-	15,421	12,055	37,869
Transfers in	-	-	400,000	-	-	-	2,874	402,874
Transfers out	-	(400,000)	-	-	-	-	(2,874)	(402,874)
Total other financing sources (uses)	6,137	(395,744)	400,000	-	-	15,421	12,055	37,869
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	233,867	(1,197,912)	(545,676)	1,008,045	(789,430)	(1,328,312)	(257,018)	(2,876,436)
Cash and investments - beginning	158,415	398,025	2,931,240	-	1,150,206	676,283	615,986	5,930,155
Cash and investments - ending	\$ 392,282	\$ (799,887)	\$ 2,385,564	\$ 1,008,045	\$ 360,776	\$ (652,029)	\$ 358,968	3,053,719
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.								
								443,726
Net assets of governmental activities								\$ 3,497,445
Cash and Investment Assets - Ending								
Cash and investments	\$ 392,282	\$ (799,887)	\$ 2,385,564	\$ 1,008,045	\$ -	\$ (652,029)	\$ 351,756	\$ 2,685,731
Restricted assets:								
Cash and investments	-	-	-	-	360,776	-	7,212	367,988
Total cash and investment assets - ending	\$ 392,282	\$ (799,887)	\$ 2,385,564	\$ 1,008,045	\$ 360,776	\$ (652,029)	\$ 358,968	\$ 3,053,719
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 360,776	\$ -	\$ 7,212	\$ 367,988
Unrestricted	392,282	(799,887)	2,385,564	1,008,045	-	(652,029)	351,756	2,685,731
Total cash and investment fund balance - ending	\$ 392,282	\$ (799,887)	\$ 2,385,564	\$ 1,008,045	\$ 360,776	\$ (652,029)	\$ 358,968	\$ 3,053,719

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, 2010

	General	Transportation Operating	Rainy Day	ARRA - Fiscal Stabilization Grant	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 184,937	\$ 3,749,816	\$ 12,682	\$ -	\$ 2,767,206	\$ 3,362,280	\$ 1,109,202	\$ 11,186,123
Intermediate sources	293	-	-	-	-	-	-	293
State sources	11,669,319	-	-	-	-	-	195,033	11,864,352
Federal sources	-	-	-	431,862	-	-	1,466,468	1,898,330
Other	-	3,965	-	-	-	-	-	3,965
Total receipts	11,854,549	3,753,781	12,682	431,862	2,767,206	3,362,280	2,770,703	24,953,063
Disbursements:								
Current:								
Instruction	5,609,552	-	-	1,439,907	-	-	1,093,965	8,143,424
Support services	4,255,079	1,989,798	337,564	-	5,000	1,436,731	265,741	8,289,913
Noninstructional services	361,240	-	-	-	-	-	914,064	1,275,304
Facilities acquisition and construction	18,275	-	792,356	-	-	757,322	-	1,567,953
Debt services	-	-	-	-	2,023,979	-	299,280	2,323,259
Nonprogrammed charges	370,142	-	-	-	-	-	44,337	414,479
Total disbursements	10,614,288	1,989,798	1,129,920	1,439,907	2,028,979	2,194,053	2,617,387	22,014,332
Excess (deficiency) of receipts over disbursements	1,240,261	1,763,983	(1,117,238)	(1,008,045)	738,227	1,168,227	153,316	2,938,731
Other financing sources (uses):								
Sale of capital assets	37,499	1,074	-	-	-	2,007	22,142	62,722
Transfers in	-	-	775,000	-	-	-	26,144	801,144
Transfers out	(27)	(545,000)	-	-	-	(230,000)	(26,117)	(801,144)
Total other financing sources (uses)	37,472	(543,926)	775,000	-	-	(227,993)	22,169	62,722
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,277,733	1,220,057	(342,238)	(1,008,045)	738,227	940,234	175,485	3,001,453
Cash and investments - beginning	392,282	(799,887)	2,385,564	1,008,045	360,776	(652,030)	358,968	3,053,718
Cash and investments - ending	\$ 1,670,015	\$ 420,170	\$ 2,043,326	\$ -	\$ 1,099,003	\$ 288,204	\$ 534,453	6,055,171
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.								
								462,568
Net assets of governmental activities								<u>\$ 6,517,739</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,670,015	\$ 420,170	\$ 2,043,326	\$ -	\$ -	\$ 288,204	\$ 366,763	\$ 4,788,478
Restricted assets:								
Cash and investments	-	-	-	-	1,099,003	-	167,690	1,266,693
Total cash and investment assets - ending	\$ 1,670,015	\$ 420,170	\$ 2,043,326	\$ -	\$ 1,099,003	\$ 288,204	\$ 534,453	\$ 6,055,171
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,099,003	\$ -	\$ 167,690	\$ 1,266,693
Unrestricted	1,670,015	420,170	2,043,326	-	-	288,204	366,763	4,788,478
Total cash and investment fund balance - ending	\$ 1,670,015	\$ 420,170	\$ 2,043,326	\$ -	\$ 1,099,003	\$ 288,204	\$ 534,453	\$ 6,055,171

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 FUND
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,219,319
Total operating receipts	1,219,319
Operating disbursements:	
Insurance claims and expense	1,340,009
Total operating disbursements	1,340,009
Excess (deficiency) of operating receipts over operating disbursements	(120,690)
Cash and investment fund balance - beginning	564,416
Cash and investment fund balance - ending	\$ 443,726
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 443,726
Total cash and investment assets - ending	\$ 443,726
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 443,726
Total cash and investment fund balance - ending	\$ 443,726

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 FUND
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 1,229,235
Total operating receipts	<u>1,229,235</u>
Operating disbursements:	
Insurance claims and expense	<u>1,210,393</u>
Total operating disbursements	<u>1,210,393</u>
Excess (deficiency) of operating receipts over operating disbursements	18,842
Cash and investment fund balance - beginning	<u>443,726</u>
Cash and investment fund balance - ending	<u>\$ 462,568</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ <u>462,568</u>
Total cash and investment assets - ending	<u>\$ 462,568</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ <u>462,568</u>
Total cash and investment fund balance - ending	<u>\$ 462,568</u>

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, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 1,340,000	\$ -	
Other	-	48,341	
Total contributions	1,340,000	48,341	
Deductions:			
Administrative and general	-	41,533	
Total deductions	-	41,533	
Excess (deficiency) of total additions over total deductions	1,340,000	6,808	
Cash and investment fund balance - beginning	3,578,783	18,605	
Cash and investment fund balance - ending	\$ 4,918,783	\$ 25,413	\$ 56,033
Net assets:			
Cash and investments	\$ 4,918,783	\$ 25,413	\$ 56,033
Total net assets - cash and investment basis held in trust	\$ 4,918,783	\$ 25,413	\$ 56,033

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, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 619,340	
Total contributions	<u>-</u>	<u>619,340</u>	
Deductions:			
Benefits	868,646	-	
Administrative and general	<u>-</u>	<u>622,281</u>	
Total deductions	<u>868,646</u>	<u>622,281</u>	
Excess (deficiency) of total additions over total deductions	(868,646)	(2,941)	
Cash and investment fund balance - beginning	<u>4,918,783</u>	<u>25,412</u>	
Cash and investment fund balance - ending	<u>\$ 4,050,137</u>	<u>\$ 22,471</u>	<u>\$ 64,251</u>
Net assets:			
Cash and investments	<u>\$ 4,050,137</u>	<u>\$ 22,471</u>	<u>\$ 64,251</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,050,137</u>	<u>\$ 22,471</u>	<u>\$ 64,251</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.

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

Primary Government: North Montgomery Community School Corporation

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 in a joint venture to operate 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 annually to supplement the West Central Indiana Special Services Cooperative. The amount paid in 2009-2010 was \$332,458. 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 in a joint venture to operate Wabash Valley Education Center which was created to provide educational services to school staff. The School Corporation is obligated by contract to remit annually to supplement the Wabash Valley Education Center. The amount paid in 2009-2010 was \$7,727. 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 nonexchange 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. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The Transportation Operating Fund accounts for financial resources for the transportation of schoolchildren to and from school.

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.

The ARRA - Fiscal Stabilization Grant Fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 purchase, lease, upgrade, maintenance, or repair of computer equipment.

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.

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. Taxable property is assessed at 100% of the true tax value (determined in

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

accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. 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.

5. Long-Term Debt

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

6. 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."

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds 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.

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

F. Internal and Interfund 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 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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing

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

board to obtain taxpayer comments. Prior to November 1, 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 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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$10,921,469.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of June 30, 2010, the School Corporation did not have any investments.

Statutory Authorization for Investments

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the

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

funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments. As of June 30, 2010, the School Corporation did not have any investments subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments. As of June 30, 2010, the School Corporation did not have any investments subject to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation does not have a formal investment policy for credit risk for investments. As of June 30, 2010, the School Corporation did not have any investments subject to credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. As of June 30, 2010, the School Corporation did not have any investments subject to concentration of credit risk.

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

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk. As of June 30, 2010, the School Corporation did not have any investments subject to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Other Governmental Funds	\$ -	\$ 27
Transportation Operating Fund	Rainy Day Fund	400,000	545,000
Capital Projects Fund	Rainy Day Fund	-	230,000
Other Governmental Funds	Other Governmental Funds	<u>2,874</u>	<u>26,117</u>
Totals		<u>\$ 402,874</u>	<u>\$ 801,144</u>

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

Material transfers were made from the transportation operating and capital projects funds to the rainy day fund.

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 risks covered by commercial insurance 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. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid to the Self-Insurance Fund based on the fund the employee is paid from.

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

B. Holding Corporations

The School Corporation has entered into a capital lease with North Montgomery High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$1,800,000 and \$1,800,000, respectively.

C. Subsequent Events

Qualified school construction bonds in the amount of \$1,700,000, dated December 9, 2010, were issued to update the heating, cooling, air handling and electrical lighting systems in all five school buildings.

D. Termination 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 retiring under this plan will receive \$5,000 per year until they are eligible for unrestricted social security benefits. Currently, there are 44 retired employees participating in this program. During the years ended June 30, 2009, and June 30, 2010, disbursements of \$183,400 and \$152,000, 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:

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$123,788.

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

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.

The School Corporation's contributions to the plan during the period were \$1,043,851.

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)
07-01-07	\$ 1,124,132	\$ 965,983	\$ 158,149	116%	\$ 886,806	18%
07-01-08	992,085	920,089	71,996	108%	984,966	7%
07-01-09	1,034,062	1,024,807	9,255	101%	1,109,969	1%

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, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Gifted and Talented 2007-08	Fee Account	Technology Grant
Receipts:						
Local sources	\$ 14,275	\$ 547,724	\$ 179,668	\$ -	\$ 9,800	\$ -
State sources	79,453	14,126	46,882	35,050	-	4,975
Federal sources	-	297,833	-	-	-	-
Other	-	500	-	-	-	-
Total receipts	93,728	860,183	226,550	35,050	9,800	4,975
Disbursements:						
Current:						
Instruction	39,273	-	-	37,113	25,253	-
Support services	8,063	4,041	267,689	-	-	1,780
Noninstructional services	-	856,450	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	85,068	-	-	-	-	-
Total disbursements	132,404	860,491	267,689	37,113	25,253	1,780
Excess (deficiency) of receipts over disbursements	(38,676)	(308)	(41,139)	(2,063)	(15,453)	3,195
Other financing sources (uses):						
Sale of capital assets	-	6,800	-	-	-	5,255
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	6,800	-	-	-	5,255
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38,676)	6,492	(41,139)	(2,063)	(15,453)	8,450
Cash and investments - beginning	22,784	164,926	204,538	7,345	23,363	2,917
Cash and investments - ending	\$ (15,892)	\$ 171,418	\$ 163,399	\$ 5,282	\$ 7,910	\$ 11,367
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (15,892)	\$ 171,418	\$ 163,399	\$ 5,282	\$ 7,910	\$ 11,367
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (15,892)	\$ 171,418	\$ 163,399	\$ 5,282	\$ 7,910	\$ 11,367
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(15,892)	171,418	163,399	5,282	7,910	11,367
Total cash and investment fund balance - ending	\$ (15,892)	\$ 171,418	\$ 163,399	\$ 5,282	\$ 7,910	\$ 11,367

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, 2009
 (Continued)

	Western Crossroads Grant	Title I 2007-08	Title I 2008-09	Title V	Title V Part A 2006-08	Special Education 2007-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	300	-	-	-	-	-
Federal sources	-	3,807	185,362	326	-	-
Other	-	-	-	-	104	-
Total receipts	300	3,807	185,362	326	104	-
Disbursements:						
Current:						
Instruction	-	12,401	108,477	-	-	4,116
Support services	300	-	34,001	-	-	-
Noninstructional services	-	-	6,902	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	300	12,401	149,380	-	-	4,116
Excess (deficiency) of receipts over disbursements	-	(8,594)	35,982	326	104	(4,116)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	874	-	-	-
Transfers out	-	(874)	-	-	-	-
Total other financing sources (uses)	-	(874)	874	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,468)	36,856	326	104	(4,116)
Cash and investments - beginning	-	9,468	-	-	(104)	4,116
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,856</u>	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 36,856	\$ 326	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,856</u>	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	36,856	326	-	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,856</u>	<u>\$ 326</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, 2009
 (Continued)

	Special Education 2008-09	Special Ed Preschool 2008-09	Safe and Drug Free Schools 2006-07	Safe and Drug Free Schools 2007-08	Safe and Drug Free Schools 2008-09
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	439,943	14,898	-	3,705	4,777
Other	-	-	-	-	-
	<u>439,943</u>	<u>14,898</u>	<u>-</u>	<u>3,705</u>	<u>4,777</u>
Disbursements:					
Current:					
Instruction	439,943	-	-	-	-
Support services	-	-	1,827	122	-
Noninstructional services	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	14,898	-	-	-
	<u>439,943</u>	<u>14,898</u>	<u>1,827</u>	<u>122</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(1,827)</u>	<u>3,583</u>	<u>4,777</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	2,000	-
Transfers out	-	-	(2,000)	-	-
	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>2,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(3,827)</u>	<u>5,583</u>	<u>4,777</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>3,827</u>	<u>(2,772)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,811</u>	<u>\$ 4,777</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 2,811	\$ 4,777
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,811</u>	<u>\$ 4,777</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	2,811	4,777
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,811</u>	<u>\$ 4,777</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, 2009
 (Continued)

	Improving Teacher Quality 2007-09	Improving Teacher Quality 2008-10	Retirement/ Severance Bond	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 278,037	\$ 22,825	\$ 1,052,329
State sources	-	-	-	-	180,786
Federal sources	47,099	-	-	-	997,750
Other	-	-	-	-	604
Total receipts	47,099	-	278,037	22,825	2,231,469
Disbursements:					
Current:					
Instruction	40,175	70,894	-	-	777,645
Support services	-	-	-	-	317,823
Noninstructional services	-	-	-	-	863,352
Debt services	-	-	441,756	-	441,756
Nonprogrammed charges	-	-	-	-	99,966
Total disbursements	40,175	70,894	441,756	-	2,500,542
Excess (deficiency) of receipts over disbursements	6,924	(70,894)	(163,719)	22,825	(269,073)
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	12,055
Transfers in	-	-	-	-	2,874
Transfers out	-	-	-	-	(2,874)
Total other financing sources (uses)	-	-	-	-	12,055
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,924	(70,894)	(163,719)	22,825	(257,018)
Cash and investments - beginning	(6,924)	-	170,931	11,571	615,986
Cash and investments - ending	<u>\$ -</u>	<u>\$ (70,894)</u>	<u>\$ 7,212</u>	<u>\$ 34,396</u>	<u>\$ 358,968</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ (70,894)	\$ -	\$ 34,396	\$ 351,756
Restricted assets:					
Cash and investments	-	-	7,212	-	7,212
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ (70,894)</u>	<u>\$ 7,212</u>	<u>\$ 34,396</u>	<u>\$ 358,968</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 7,212	\$ -	\$ 7,212
Unrestricted	-	(70,894)	-	34,396	351,756
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (70,894)</u>	<u>\$ 7,212</u>	<u>\$ 34,396</u>	<u>\$ 358,968</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, 2010

	Special Education Preschool	School Lunch	Textbook Rental	Early Intervention	Gifted and Talented 2007-08	Gifted and Talented 2008-09
Receipts:						
Local sources	\$ -	\$ 507,736	\$ 129,971	\$ -	\$ -	\$ -
State sources	50,876	14,109	46,195	31,400	-	34,345
Federal sources	-	447,155	-	-	-	-
Total receipts	<u>50,876</u>	<u>969,000</u>	<u>176,166</u>	<u>31,400</u>	<u>-</u>	<u>34,345</u>
Disbursements:						
Current:						
Instruction	13,281	-	-	31,188	5,282	28,639
Support services	3,838	949	196,610	-	-	-
Noninstructional services	-	890,357	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	17,865	-	-	-	-	-
Total disbursements	<u>34,984</u>	<u>891,306</u>	<u>196,610</u>	<u>31,188</u>	<u>5,282</u>	<u>28,639</u>
Excess (deficiency) of receipts over disbursements	<u>15,892</u>	<u>77,694</u>	<u>(20,444)</u>	<u>212</u>	<u>(5,282)</u>	<u>5,706</u>
Other financing sources (uses):						
Sale of capital assets	-	22,142	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>22,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>15,892</u>	<u>99,836</u>	<u>(20,444)</u>	<u>212</u>	<u>(5,282)</u>	<u>5,706</u>
Cash and investments - beginning	<u>(15,892)</u>	<u>171,418</u>	<u>163,399</u>	<u>-</u>	<u>5,282</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 271,254</u>	<u>\$ 142,955</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 5,706</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 271,254	\$ 142,955	\$ 212	\$ -	\$ 5,706
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 271,254</u>	<u>\$ 142,955</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 5,706</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	271,254	142,955	212	-	5,706
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 271,254</u>	<u>\$ 142,955</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 5,706</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, 2010
 (Continued)

	NESP Grant 2009-10	Title III WVEC 2009	Fee Account	Technology Grant	Western Crossroads Grant	Alternative Education
Receipts:						
Local sources	\$ -	\$ -	\$ 38	\$ -	\$ -	\$ 12,000
State sources	3,066	2,244	-	11,598	1,200	-
Federal sources	-	-	-	-	-	-
Total receipts	3,066	2,244	38	11,598	1,200	12,000
Disbursements:						
Current:						
Instruction	-	-	6,654	-	-	-
Support services	3,020	1,108	-	6,047	1,200	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,020	1,108	6,654	6,047	1,200	-
Excess (deficiency) of receipts over disbursements	46	1,136	(6,616)	5,551	-	12,000
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	46	1,136	(6,616)	5,551	-	12,000
Cash and investments - beginning	-	-	7,910	11,366	-	-
Cash and investments - ending	<u>\$ 46</u>	<u>\$ 1,136</u>	<u>\$ 1,294</u>	<u>\$ 16,917</u>	<u>\$ -</u>	<u>\$ 12,000</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 46	\$ 1,136	\$ -	\$ 16,917	\$ -	\$ 12,000
Restricted assets:						
Cash and investments	-	-	1,294	-	-	-
Total cash and investment assets - ending	\$ 46	\$ 1,136	\$ 1,294	\$ 16,917	\$ -	\$ 12,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,294	\$ -	\$ -	\$ -
Unrestricted	46	1,136	-	16,917	-	12,000
Total cash and investment fund balance - ending	\$ 46	\$ 1,136	\$ 1,294	\$ 16,917	\$ -	\$ 12,000

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, 2010
 (Continued)

	Title I 2008-09	Title I 2009-10	Title V	Special Education 2009-10	Special Ed Preschool Joint Services
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	19,000	158,368	981	419,315	14,883
Total receipts	<u>19,000</u>	<u>158,368</u>	<u>981</u>	<u>419,315</u>	<u>14,883</u>
Disbursements:					
Current:					
Instruction	22,699	122,535	1,307	465,881	-
Support services	4,421	46,114	-	-	-
Noninstructional services	2,619	20,980	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	16,534
Total disbursements	<u>29,739</u>	<u>189,629</u>	<u>1,307</u>	<u>465,881</u>	<u>16,534</u>
Excess (deficiency) of receipts over disbursements	<u>(10,739)</u>	<u>(31,261)</u>	<u>(326)</u>	<u>(46,566)</u>	<u>(1,651)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers in	-	26,117	-	-	-
Transfers out	(26,117)	-	-	-	-
Total other financing sources (uses)	<u>(26,117)</u>	<u>26,117</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,856)	(5,144)	(326)	(46,566)	(1,651)
Cash and investments - beginning	<u>36,856</u>	<u>-</u>	<u>326</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (5,144)</u>	<u>\$ -</u>	<u>\$ (46,566)</u>	<u>\$ (1,651)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ (5,144)	\$ -	\$ (46,566)	\$ (1,651)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ (5,144)</u>	<u>\$ -</u>	<u>\$ (46,566)</u>	<u>\$ (1,651)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(5,144)	-	(46,566)	(1,651)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (5,144)</u>	<u>\$ -</u>	<u>\$ (46,566)</u>	<u>\$ (1,651)</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, 2010
 (Continued)

	Safe and Drug Free Schools 2007-08	Drug Free Schools 2008-09	Title II Part A 2008-10	Title II Part A 2009-11	ARRA Title I
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	70,894	34,474	60,309
	<u>-</u>	<u>-</u>	<u>70,894</u>	<u>34,474</u>	<u>60,309</u>
Total receipts	-	-	70,894	34,474	60,309
Disbursements:					
Current:					
Instruction	-	-	-	40,982	63,277
Support services	1,549	885	-	-	-
Noninstructional services	-	108	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	1,262	-	-	-	-
	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	2,811	993	-	40,982	63,277
Excess (deficiency) of receipts over disbursements	<u>(2,811)</u>	<u>(993)</u>	<u>70,894</u>	<u>(6,508)</u>	<u>(2,968)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	27
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Total other financing sources (uses)	-	-	-	-	27
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,811)	(993)	70,894	(6,508)	(2,941)
Cash and investments - beginning	<u>2,811</u>	<u>4,777</u>	<u>(70,894)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,784</u>	<u>\$ -</u>	<u>\$ (6,508)</u>	<u>\$ (2,941)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 3,784	\$ -	\$ (6,508)	\$ (2,941)
Restricted assets:					
Cash and investments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 3,784</u>	<u>\$ -</u>	<u>\$ (6,508)</u>	<u>\$ (2,941)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,784	-	(6,508)	(2,941)
	<u>-</u>	<u>3,784</u>	<u>-</u>	<u>(6,508)</u>	<u>(2,941)</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 3,784</u>	<u>\$ -</u>	<u>\$ (6,508)</u>	<u>\$ (2,941)</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, 2010
 (Continued)

	ARRA Special Education	ARRA Special Education Preschool	Retirement/ Severance Bond	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 458,463	\$ 994	\$ 1,109,202
State sources	-	-	-	-	195,033
Federal sources	<u>223,737</u>	<u>17,352</u>	<u>-</u>	<u>-</u>	<u>1,466,468</u>
Total receipts	<u>223,737</u>	<u>17,352</u>	<u>458,463</u>	<u>994</u>	<u>2,770,703</u>
Disbursements:					
Current:					
Instruction	283,564	8,676	-	-	1,093,965
Support services	-	-	-	-	265,741
Noninstructional services	-	-	-	-	914,064
Debt services	-	-	299,280	-	299,280
Nonprogrammed charges	<u>-</u>	<u>8,676</u>	<u>-</u>	<u>-</u>	<u>44,337</u>
Total disbursements	<u>283,564</u>	<u>17,352</u>	<u>299,280</u>	<u>-</u>	<u>2,617,387</u>
Excess (deficiency) of receipts over disbursements	<u>(59,827)</u>	<u>-</u>	<u>159,183</u>	<u>994</u>	<u>153,316</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	22,142
Transfers in	-	-	-	-	26,144
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,117)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,169</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(59,827)</u>	<u>-</u>	<u>159,183</u>	<u>994</u>	<u>175,485</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>7,213</u>	<u>34,396</u>	<u>358,968</u>
Cash and investments - ending	<u>\$ (59,827)</u>	<u>\$ -</u>	<u>\$ 166,396</u>	<u>\$ 35,390</u>	<u>\$ 534,453</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (59,827)	\$ -	\$ -	\$ 35,390	\$ 366,763
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>166,396</u>	<u>-</u>	<u>167,690</u>
Total cash and investment assets - ending	<u>\$ (59,827)</u>	<u>\$ -</u>	<u>\$ 166,396</u>	<u>\$ 35,390</u>	<u>\$ 534,453</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 166,396	\$ -	\$ 167,690
Unrestricted	<u>(59,827)</u>	<u>-</u>	<u>-</u>	<u>35,390</u>	<u>366,763</u>
Total cash and investment fund balance - ending	<u>\$ (59,827)</u>	<u>\$ -</u>	<u>\$ 166,396</u>	<u>\$ 35,390</u>	<u>\$ 534,453</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, 2009

	<u>Gifts and Donations</u>	<u>Adventure Trips</u>	<u>Rebate</u>	<u>Coca Cola</u>	<u>A.H.E.A.D. Coalition</u>	<u>A.H.E.A.D. Grant</u>	<u>Totals</u>
Additions:							
Contributions:							
Other	\$ 4,700	\$ 3,719	\$ 19,722	\$ 18,000	\$ -	\$ 2,200	\$ 48,341
Total additions	<u>4,700</u>	<u>3,719</u>	<u>19,722</u>	<u>18,000</u>	<u>-</u>	<u>2,200</u>	<u>48,341</u>
Deductions:							
Administrative and general	<u>1,080</u>	<u>7,302</u>	<u>10,845</u>	<u>17,817</u>	<u>4,489</u>	<u>-</u>	<u>41,533</u>
Excess (deficiency) of total additions over total deductions	3,620	(3,583)	8,877	183	(4,489)	2,200	6,808
Cash and investment fund balance - beginning	<u>-</u>	<u>4,093</u>	<u>9,672</u>	<u>90</u>	<u>4,750</u>	<u>-</u>	<u>18,605</u>
Cash and investments - June 30	<u>\$ 3,620</u>	<u>\$ 510</u>	<u>\$ 18,549</u>	<u>\$ 273</u>	<u>\$ 261</u>	<u>\$ 2,200</u>	<u>\$ 25,413</u>
Net assets:							
Cash and investments	<u>\$ 3,620</u>	<u>\$ 510</u>	<u>\$ 18,549</u>	<u>\$ 273</u>	<u>\$ 261</u>	<u>\$ 2,200</u>	<u>\$ 25,413</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,620</u>	<u>\$ 510</u>	<u>\$ 18,549</u>	<u>\$ 273</u>	<u>\$ 261</u>	<u>\$ 2,200</u>	<u>\$ 25,413</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, 2010

	Gifts and Donations	Nolte Trust	Adventure Trips	Rebate	Scholarship and Awards	Coca Cola	A.H.E.A.D. Coalition	A.H.E.A.D. Grant	Totals
Additions:									
Contributions:									
Other	\$ -	\$ 576,642	\$ 6,960	\$ 7,838	\$ 5,400	\$ 18,000	\$ 3,000	\$ 1,500	\$ 619,340
Total additions	-	576,642	6,960	7,838	5,400	18,000	3,000	1,500	619,340
Deductions:									
Administrative and general	2,620	576,642	5,280	16,005	1,000	18,273	261	2,200	622,281
Excess (deficiency) of total additions over total deductions	(2,620)	-	1,680	(8,167)	4,400	(273)	2,739	(700)	(2,941)
Cash and investment fund balance - beginning	3,620	-	509	18,549	-	273	261	2,200	25,412
Cash and investments - June 30	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 2,189</u>	<u>\$ 10,382</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 1,500</u>	<u>\$ 22,471</u>
Net assets:									
Cash and investments	\$ 1,000	\$ -	\$ 2,189	\$ 10,382	\$ 4,400	\$ -	\$ 3,000	\$ 1,500	\$ 22,471
Total net assets - cash and investment basis held in trust	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 2,189</u>	<u>\$ 10,382</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 1,500</u>	<u>\$ 22,471</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Withholdings</u>
Additions:	
Agency fund additions	<u>\$ 3,347,552</u>
Deductions:	
Agency fund deductions	<u>3,443,803</u>
Excess (deficiency) of total additions over total deductions	(96,251)
Cash and investment fund balance - beginning	<u>152,284</u>
Cash and investment fund balance - ending	<u><u>\$ 56,033</u></u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Payroll Withholdings</u>
Additions: Agency fund additions	\$ 3,821,703
Deductions: Agency fund deductions	<u>3,813,485</u>
Excess (deficiency) of total additions over total deductions	8,218
Cash and investment fund balance - beginning	<u>56,033</u>
Cash and investment fund balance - ending	<u><u>\$ 64,251</u></u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

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:		
High School Building lease rental	\$ 11,775,413	\$ 1,704,988
Bonds payable:		
General obligation bonds:		
Pension Bonds	<u>2,830,000</u>	<u>298,171</u>
Total governmental activities debt	<u>\$ 14,605,413</u>	<u>\$ 2,003,159</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

TRANSPORTATION FUND EXPENDITURES

The Transportation Fund disbursements included travel expenses related to conferences, retreats and field trips. There were also expenditures for other School Corporation related activities such as meeting expenses.

IC 20-40-6-1 states: "As used in this chapter 'costs attributable to transportation' refers to costs listed in section 6 of this chapter that are attributable to transportation, as authorized by this title, of school children during the school year ending in the calendar year."

IC 20-40-6-5 states in part: "(a) Subject to this chapter, the fund is the exclusive fund to be used by a school corporation for the payment of costs attributable to transportation."

IC 20-40-6-6 states:

"(a) The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees.
- (2) Contracted transportation service.
- (3) Wages of independent contractors.
- (4) Contracts with common carriers.
- (5) Student fares.
- (6) Transportation related insurance.
- (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses.

(b) Percentages or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund.

(c) Costs for a calendar year are those costs attributable to transportation for students during the school year ending in the calendar year."

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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, 2009 and 2010. 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, 2009 and 2010.

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, the School Board, 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

February 15, 2011

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 2008-09	\$ 75,608	\$ -
		FY 2009-10	-	109,108
			<u>75,608</u>	<u>109,108</u>
Total for program				
			<u>75,608</u>	<u>109,108</u>
National School Lunch Program				
	10.555			
		FY 2008-09	282,506	-
		FY 2009-10	-	394,011
			<u>282,506</u>	<u>394,011</u>
Total for program				
			<u>282,506</u>	<u>394,011</u>
Total for cluster				
			<u>358,114</u>	<u>503,119</u>
Total for federal grantor agency				
			<u>358,114</u>	<u>503,119</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		08-5835	12,401	-
		09-5835	149,380	29,739
		10-5835	-	189,629
			<u>161,781</u>	<u>219,368</u>
Total for program				
			<u>161,781</u>	<u>219,368</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		FY 2009-10	-	63,277
			<u>-</u>	<u>63,277</u>
Total for Cluster				
			<u>161,781</u>	<u>282,645</u>
Pass-Through Crawfordsville Community School Corporation				
Special Education Cluster				
Special Education - Grants to States				
	84.027			
		FY 2007-08	4,116	-
		FY 2008-09	439,943	-
		FY 2009-10	-	465,881
			<u>444,059</u>	<u>465,881</u>
Total for program				
			<u>444,059</u>	<u>465,881</u>
Special Education - Preschool Grants				
	84.173			
		FY 2008-09	14,898	-
		FY 2009-10	-	14,883
			<u>14,898</u>	<u>14,883</u>
Total for program				
			<u>14,898</u>	<u>14,883</u>

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, 2009 and 2010
(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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 2009-10	-	283,564
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	FY 2009-10	-	8,676
Total for Cluster			458,957	773,004
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 2009-10	-	1,439,907
Total for Cluster			-	1,439,907
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186			
		5835-08	1,827	-
		5835-09	122	2,811
		5835-10	-	993
Total for program			1,949	3,804
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	07-5835	-	1,307
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		07-5835	40,175	-
		08-5835	70,894	-
		09-5835	-	40,982
Total for program			111,069	40,982
Total for federal grantor agency			733,756	2,541,649
Total federal awards expended			\$ 1,091,870	\$ 3,044,768

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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
National School Lunch Program	10.555	\$ 60,281	\$ 55,964

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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster
State Fiscal Stabilization Fund 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 February 15, 2011, with Colleen M. Moran, Superintendent of Schools; Glenda Nice, Treasurer; Karin Kerber Odle, President of the School Board; and Jim McBee, Director of Business.