

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH MONTGOMERY COMMUNITY  
SCHOOL CORPORATION  
MONTGOMERY COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
02/22/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda Nice	07-01-10 to 12-31-13
Superintendent of Schools	Colleen M. Moran	07-01-10 to 12-31-13
President of the School Board	Karin Kerber Odle Terresa A. Hatke Gerald Hole	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the North Montgomery Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2013, 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 17, 2013



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
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 statement of the North Montgomery Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 17, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
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 statement is 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, School Board, others within the entity, 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

January 17, 2013

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH BALANCES -  
 REGULATORY BASIS  
 For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 1,670,015	\$ 11,807,911	\$ 10,874,836	\$ 113,545	\$ 2,716,635	\$ 11,622,140	\$ 11,590,077	\$ 12,851	\$ 2,761,549	
Debt Service	1,098,992	1,732,789	1,710,125	-	1,121,656	1,632,332	1,708,400	(9,111)	1,036,477	
Retirement/Severance Bond Debt Service	166,396	284,953	298,171	-	153,178	295,472	296,567	-	152,083	
Capital Projects	288,204	2,152,976	2,098,788	7,183	349,575	2,179,516	2,080,880	1,815	450,026	
School Transportation	420,170	2,439,247	1,824,564	(599,702)	435,151	2,347,728	1,839,147	(519,960)	423,772	
School Bus Replacement	35,390	-	-	-	35,390	139,688	192,334	20,000	2,744	
Rainy Day	2,043,326	-	1,298,419	1,110,963	1,855,870	-	343,286	500,000	2,012,584	
Pension Bond	4,050,137	-	55,980	-	3,994,157	-	-	-	3,994,157	
School Lunch	271,254	996,595	870,050	17,250	415,049	908,300	1,002,170	18,599	339,778	
Textbook Rental	146,501	165,762	178,550	-	133,713	178,792	239,082	9,111	82,534	
Self-Insurance	462,568	1,071,922	1,242,246	-	292,244	1,137,983	1,427,791	-	2,436	
Early Intervention Grant 2009-10	212	-	212	-	-	-	-	-	-	
Early Intervention Grant 2010-11	-	19,100	18,046	-	1,054	-	1,054	-	-	
Gifts and Donations	1,000	-	1,000	-	-	-	-	-	-	
Nolte Trust Funds	-	-	-	-	-	421	376	-	45	
Fee Accounts	1,294	-	1,459	223	58	-	58	-	-	
Adventure Trips	2,191	6,480	6,826	-	1,845	7,137	1,763	-	7,219	
Target Grant 2010-11	-	2,000	-	-	2,000	-	2,000	-	-	
Artist in Residency Grant 2010-11	-	1,331	884	-	447	444	891	-	-	
Jr. Achievement Financial Park 2012-13	-	-	-	-	-	1,000	-	-	1,000	
Scholastic Math Magazine 2012-13	-	-	-	-	-	1,000	-	-	1,000	
Leaping Into Learning Leap Pad 2012-13	-	-	-	-	-	1,500	-	-	1,500	
Rebate Fund/ASBO	10,382	26,061	14,512	-	21,931	49,785	26,941	-	44,775	
Scholarships and Awards Fund	4,400	7,000	9,900	-	1,500	9,900	8,400	-	3,000	
Coca Cola	-	-	15,707	18,000	2,293	-	2,793	500	-	
A.H.E.A.D. Drug Free Program 2010-11	3,000	-	3,000	-	-	-	-	-	-	
A.H.E.A.D. Drug Free Program 2009-10	1,500	-	1,500	-	-	-	-	-	-	
High Ability 2009-10	5,706	-	5,706	-	-	-	-	-	-	
High Ability 2010-11	-	33,830	33,830	-	-	-	-	-	-	
High Ability 2011-12	-	-	-	-	-	32,387	32,387	-	-	
Non English Speaking 2009-10	46	-	46	-	-	-	-	-	-	
Title III - WVEC 2009-10	1,136	-	1,136	-	-	-	-	-	-	
Title III - WVEC 2010-11	-	2,689	2,689	-	-	-	-	-	-	
Non English Speaking 2010-11	-	2,660	2,660	-	-	-	-	-	-	
Non English Speaking 2011-12	-	-	-	-	-	2,199	2,199	-	-	
Technology Grant- E Rate Refund	16,917	19,200	18,250	-	17,867	16,543	25,727	-	8,683	
Alternative Education	12,000	-	12,000	-	-	-	-	-	-	
Innovation Grant 2012	-	-	-	-	-	8,500	29,364	-	(20,864)	
Excess PTRC Distributions	-	27,622	-	(27,622)	-	-	-	-	-	
Title I FY 2009-10	(5,144)	36,245	31,100	-	1	-	-	-	1	
Title I FY 2010-11	-	145,526	162,673	-	(17,147)	55,675	38,528	-	-	
Title I FY 2011-12	-	-	-	-	-	152,290	177,045	-	(24,755)	
I Read K-2	-	-	-	-	-	5,000	4,200	-	800	
IDEA Part B, CO-OP 2009-10	(46,566)	46,566	-	-	-	-	-	-	-	
IDEA Part B, CO-OP 2010-11	-	468,415	468,413	-	2	-	-	-	2	
IDEA Part B, CO-OP 2011-12	-	-	-	-	-	453,271	454,455	-	(1,184)	
IDEA Preschool CO-OP 2009-10	(1,651)	1,651	-	-	-	-	-	-	-	
IDEA Preschool CO-OP 2010-11	-	15,656	15,656	-	-	-	-	-	-	
IDEA Preschool CO-OP 2011-12	-	-	-	-	-	17,196	17,196	-	-	
Title IV Part A SDFS 2008-09	3,784	-	3,784	-	-	-	-	-	-	
Title IV Part A SDFS 2009-10	-	5,007	5,495	-	(488)	1,856	1,368	-	-	
Title II - Part A 2009-11	(6,508)	34,476	27,968	-	-	-	-	-	-	
Title II - Part A 2010-12	-	44,664	49,260	-	(4,596)	24,095	19,499	-	-	
Title II - Part A 2011-13	-	-	-	-	-	2,500	2,500	-	-	
Title I ARRA 2010-11	(2,942)	57,558	57,641	-	(3,025)	3,050	-	(27)	(2)	
IDEA, Part B ARRA 2009-10	(59,828)	208,001	159,513	-	(11,340)	24,357	13,017	-	-	
Qualified School Construction Bond	-	1,701,240	1,135,277	(565,963)	-	-	-	-	-	
Education Jobs 2010-12	-	380,645	380,645	-	-	5,623	5,623	-	-	
Payroll Fund	64,251	3,121,041	3,138,557	-	46,735	3,138,566	3,124,636	(73)	60,592	
<b>Totals</b>	<b>\$ 10,658,133</b>	<b>\$ 27,066,819</b>	<b>\$ 26,237,074</b>	<b>\$ 73,877</b>	<b>\$ 11,561,755</b>	<b>\$ 24,456,246</b>	<b>\$ 24,711,754</b>	<b>\$ 33,705</b>	<b>\$ 11,339,952</b>	

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation may be 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.

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

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

to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012.

**Note 8. Holding Corporation**

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 fiscal years 2011 and 2012 totaled \$1,710,000 and \$1,708,000, respectively.

**Note 9. Termination Benefits**

The School Corporation provides postemployment early retirement benefits to eligible employees covered under the 1997-98 Early Retirement Benefits Plan (prior 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 27 retired employees participating in this program. During the years ending June 30, 2011 and June 30, 2012, disbursements of \$129,000 and \$111,000, respectively, were recognized for postemployment benefits.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Servance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Pension Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,670,015	\$ 1,098,992	\$ 166,396	\$ 288,204	\$ 420,170	\$ 35,390	\$ 2,043,326	\$ 4,050,137	\$ 271,254	\$ 146,501
Receipts:										
Local sources	94,382	1,732,789	284,953	2,152,976	2,435,615	-	-	-	497,185	124,429
Intermediate sources	293	-	-	-	-	-	-	-	-	-
State sources	11,713,236	-	-	-	-	-	-	-	13,581	41,333
Federal sources	-	-	-	-	-	-	-	-	485,829	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	3,632	-	-	-	-	-
Total receipts	<u>11,807,911</u>	<u>1,732,789</u>	<u>284,953</u>	<u>2,152,976</u>	<u>2,439,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>996,595</u>	<u>165,762</u>
Disbursements:										
Current:										
Instruction	6,958,590	-	-	-	-	-	-	48,426	-	-
Support services	3,546,297	-	-	1,303,780	1,824,564	-	506,243	7,554	1,250	178,550
Noninstructional services	349,549	-	-	-	-	-	-	-	868,800	-
Facilities acquisition and construction	20,400	-	-	795,008	-	-	792,176	-	-	-
Debt services	-	1,710,125	298,171	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,874,836</u>	<u>1,710,125</u>	<u>298,171</u>	<u>2,098,788</u>	<u>1,824,564</u>	<u>-</u>	<u>1,298,419</u>	<u>55,980</u>	<u>870,050</u>	<u>178,550</u>
Excess (deficiency) of receipts over disbursements	<u>933,075</u>	<u>22,664</u>	<u>(13,218)</u>	<u>54,188</u>	<u>614,683</u>	<u>-</u>	<u>(1,298,419)</u>	<u>(55,980)</u>	<u>126,545</u>	<u>(12,788)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	30,774	-	-	7,183	670	-	-	-	17,250	-
Transfers in	4,483,044	-	-	-	27,622	-	1,110,963	-	-	-
Transfers out	(4,400,273)	-	-	-	(627,994)	-	-	-	-	-
Total other financing sources (uses)	<u>113,545</u>	<u>-</u>	<u>-</u>	<u>7,183</u>	<u>(599,702)</u>	<u>-</u>	<u>1,110,963</u>	<u>-</u>	<u>17,250</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,046,620</u>	<u>22,664</u>	<u>(13,218)</u>	<u>61,371</u>	<u>14,981</u>	<u>-</u>	<u>(187,456)</u>	<u>(55,980)</u>	<u>143,795</u>	<u>(12,788)</u>
Cash and investments - ending	<u>\$ 2,716,635</u>	<u>\$ 1,121,656</u>	<u>\$ 153,178</u>	<u>\$ 349,575</u>	<u>\$ 435,151</u>	<u>\$ 35,390</u>	<u>\$ 1,855,870</u>	<u>\$ 3,994,157</u>	<u>\$ 415,049</u>	<u>\$ 133,713</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Self- Insurance	Early Intervention Grant 2009-10	Early Intervention Grant 2010-11	Gifts and Donations	Nolte Trust Fund	Fee Accounts	Adventure Trips	Target Grant 2010-11	Artist in Residency Grant 2010-11	Jr Achievement Financial Park 2012-13
Cash and investments - beginning	\$ 462,568	\$ 212	\$ -	\$ 1,000	\$ -	\$ 1,294	\$ 2,191	\$ -	\$ -	\$ -
Receipts:										
Local sources	1,071,922	-	-	-	-	-	6,480	2,000	1,331	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	19,100	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,071,922	-	19,100	-	-	-	6,480	2,000	1,331	-
Disbursements:										
Current:										
Instruction	-	212	18,046	-	-	1,459	6,826	-	884	-
Support services	-	-	-	1,000	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,242,246	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,242,246	212	18,046	1,000	-	1,459	6,826	-	884	-
Excess (deficiency) of receipts over disbursements	(170,324)	(212)	1,054	(1,000)	-	(1,459)	(346)	2,000	447	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	223	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	223	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(170,324)	(212)	1,054	(1,000)	-	(1,236)	(346)	2,000	447	-
Cash and investments - ending	\$ 292,244	\$ -	\$ 1,054	\$ -	\$ -	\$ 58	\$ 1,845	\$ 2,000	\$ 447	\$ -

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Scholastic Math Magazine 2012-13	Leaping Into Learning Leap Pad 2012-13	Rebate Fund/ ASBO	Scholarships and Awards Fund	Coca Cola	A.H.E.A.D. Drug Free Program 2010-11	A.H.E.A.D. Drug Free Program 2009-10	High Ability 2009-10	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ 10,382	\$ 4,400	\$ -	\$ 3,000	\$ 1,500	\$ 5,706	\$ -	\$ -
Receipts:										
Local sources	-	-	26,061	7,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	33,830	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	26,061	7,000	-	-	-	-	33,830	-
Disbursements:										
Current:										
Instruction	-	-	-	-	4,250	3,000	1,500	5,706	33,830	-
Support services	-	-	14,512	-	10,750	-	-	-	-	-
Noninstructional services	-	-	-	-	707	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	9,900	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	14,512	9,900	15,707	3,000	1,500	5,706	33,830	-
Excess (deficiency) of receipts over disbursements	-	-	11,549	(2,900)	(15,707)	(3,000)	(1,500)	(5,706)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	18,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	18,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	11,549	(2,900)	2,293	(3,000)	(1,500)	(5,706)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 21,931	\$ 1,500	\$ 2,293	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Non English Speaking 2009-10	Title III - WVEC 2009-10	Title III - WVEC 2010-11	Non English Speaking 2010-11	Non English Speaking 2011-12	Technology Grant - E Rate Refund	Alternative Education	Innovation Grant 2012	Excess PTRC Distributions	Title I FY 2009-10
Cash and investments - beginning	\$ 46	\$ 1,136	\$ -	\$ -	\$ -	\$ 16,917	\$ 12,000	\$ -	\$ -	\$ (5,144)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	2,689	2,660	-	19,200	-	-	27,622	-
Federal sources	-	-	-	-	-	-	-	-	-	36,245
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,689	2,660	-	19,200	-	-	27,622	36,245
Disbursements:										
Current:										
Instruction	-	-	2,689	2,660	-	-	12,000	-	-	23,382
Support services	46	1,136	-	-	-	18,250	-	-	-	2,143
Noninstructional services	-	-	-	-	-	-	-	-	-	5,575
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	46	1,136	2,689	2,660	-	18,250	12,000	-	-	31,100
Excess (deficiency) of receipts over disbursements	(46)	(1,136)	-	-	-	950	(12,000)	-	27,622	5,145
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(27,622)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(27,622)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46)	(1,136)	-	-	-	950	(12,000)	-	-	5,145
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,867	\$ -	\$ -	\$ -	\$ 1

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Title I FY 2010-11	Title I FY 2011-12	I Read K-2	IDEA Part B CO-OP 2009-10	IDEA Part B CO-OP 2010-11	IDEA Part B CO-OP 2011-12	IDEA Preschool CO-OP 2009-10	IDEA Preschool CO-OP 2010-11	IDEA Preschool CO-OP 2011-12	Title IV Part A SDFS 2008-09
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (46,566)	\$ -	\$ -	\$ (1,651)	\$ -	\$ -	\$ 3,784
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	145,526	-	-	46,566	468,415	-	1,651	15,656	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	145,526	-	-	46,566	468,415	-	1,651	15,656	-	-
Disbursements:										
Current:										
Instruction	111,699	-	-	-	468,413	-	-	15,656	-	-
Support services	50,974	-	-	-	-	-	-	-	-	2,115
Noninstructional services	-	-	-	-	-	-	-	-	-	1,669
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	162,673	-	-	-	468,413	-	-	15,656	-	3,784
Excess (deficiency) of receipts over disbursements	(17,147)	-	-	46,566	2	-	1,651	-	-	(3,784)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(17,147)	-	-	46,566	2	-	1,651	-	-	(3,784)
Cash and investments - ending	\$ (17,147)	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Title IV Part A SDFS 2009-10	Title II - Part A 2009-11	Title II - Part A 2010-2012	Title II - Part A 2011-2013	Title I ARRA 2010-11	IDEA, Part B ARRA 2009-10	Qualified School Construction Bond	Education Jobs 2010-12	Payroll Fund	Totals
Cash and investments - beginning	\$ -	\$ (6,508)	\$ -	\$ -	\$ (2,942)	\$ (59,828)	\$ -	\$ -	\$ 64,251	\$ 10,658,133
Receipts:										
Local sources	-	-	-	-	-	-	1,140	-	-	8,438,263
Intermediate sources	-	-	-	-	-	-	-	-	-	293
State sources	-	-	-	-	-	-	-	-	-	11,873,251
Federal sources	5,007	34,476	44,664	-	57,558	208,001	1,700,100	380,645	-	3,630,339
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	3,121,041	3,124,673
Total receipts	5,007	34,476	44,664	-	57,558	208,001	1,701,240	380,645	3,121,041	27,066,819
Disbursements:										
Current:										
Instruction	-	27,968	49,260	-	57,641	159,513	-	380,645	-	8,394,255
Support services	5,495	-	-	-	-	-	-	-	-	7,474,659
Noninstructional services	-	-	-	-	-	-	-	-	-	1,226,300
Facilities acquisition and construction	-	-	-	-	-	-	1,135,277	-	-	2,742,861
Debt services	-	-	-	-	-	-	-	-	-	2,008,296
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,138,557	4,390,703
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,495	27,968	49,260	-	57,641	159,513	1,135,277	380,645	3,138,557	26,237,074
Excess (deficiency) of receipts over disbursements	(488)	6,508	(4,596)	-	(83)	48,488	565,963	-	(17,516)	829,745
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	73,877
Transfers in	-	-	-	-	-	-	-	-	-	5,621,852
Transfers out	-	-	-	-	-	-	(565,963)	-	-	(5,621,852)
Total other financing sources (uses)	-	-	-	-	-	-	(565,963)	-	-	73,877
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(488)	6,508	(4,596)	-	(83)	48,488	-	-	(17,516)	903,622
Cash and investments - ending	\$ (488)	\$ -	\$ (4,596)	\$ -	\$ (3,025)	\$ (11,340)	\$ -	\$ -	\$ 46,735	\$ 11,561,755

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Servance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Pension Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,716,635	\$ 1,121,656	\$ 153,178	\$ 349,575	\$ 435,151	\$ 35,390	\$ 1,855,870	\$ 3,994,157	\$ 415,049	\$ 133,713
Receipts:										
Local sources	66,149	1,632,332	295,472	2,179,516	2,345,444	139,688	-	-	490,095	122,255
Intermediate sources	293	-	-	-	-	-	-	-	-	-
State sources	11,555,698	-	-	-	-	-	-	-	13,968	56,537
Federal sources	-	-	-	-	-	-	-	-	404,237	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2,284	-	-	-	-	-
Total receipts	<u>11,622,140</u>	<u>1,632,332</u>	<u>295,472</u>	<u>2,179,516</u>	<u>2,347,728</u>	<u>139,688</u>	<u>-</u>	<u>-</u>	<u>908,300</u>	<u>178,792</u>
Disbursements:										
Current:										
Instruction	7,700,775	-	-	-	-	-	-	-	-	-
Support services	3,485,135	-	-	1,287,993	1,839,147	192,334	-	-	156	239,082
Noninstructional services	370,108	-	-	-	-	-	-	-	1,002,014	-
Facilities acquisition and construction	34,059	-	-	792,887	-	-	343,286	-	-	-
Debt services	-	1,708,400	296,567	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,590,077</u>	<u>1,708,400</u>	<u>296,567</u>	<u>2,080,880</u>	<u>1,839,147</u>	<u>192,334</u>	<u>343,286</u>	<u>-</u>	<u>1,002,170</u>	<u>239,082</u>
Excess (deficiency) of receipts over disbursements	<u>32,063</u>	<u>(76,068)</u>	<u>(1,095)</u>	<u>98,636</u>	<u>508,581</u>	<u>(52,646)</u>	<u>(343,286)</u>	<u>-</u>	<u>(93,870)</u>	<u>(60,290)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	12,824	-	-	1,815	40	-	-	-	18,599	-
Transfers in	6,600,027	-	-	-	-	20,000	500,000	-	-	9,111
Transfers out	<u>(6,600,000)</u>	<u>(9,111)</u>	<u>-</u>	<u>-</u>	<u>(520,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>12,851</u>	<u>(9,111)</u>	<u>-</u>	<u>1,815</u>	<u>(519,960)</u>	<u>20,000</u>	<u>500,000</u>	<u>-</u>	<u>18,599</u>	<u>9,111</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>44,914</u>	<u>(85,179)</u>	<u>(1,095)</u>	<u>100,451</u>	<u>(11,379)</u>	<u>(32,646)</u>	<u>156,714</u>	<u>-</u>	<u>(75,271)</u>	<u>(51,179)</u>
Cash and investments - ending	<u>\$ 2,761,549</u>	<u>\$ 1,036,477</u>	<u>\$ 152,083</u>	<u>\$ 450,026</u>	<u>\$ 423,772</u>	<u>\$ 2,744</u>	<u>\$ 2,012,584</u>	<u>\$ 3,994,157</u>	<u>\$ 339,778</u>	<u>\$ 82,534</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Self- Insurance	Early Intervention Grant 2009-10	Early Intervention Grant 2010-11	Gifts and Donations	Nolte Trust Fund	Fee Accounts	Adventure Trips	Target Grant 2010-11	Artist in Residency Grant 2010-11	Jr Achievement Financial Park 2012-13
Cash and investments - beginning	\$ 292,244	\$ -	\$ 1,054	\$ -	\$ -	\$ 58	\$ 1,845	\$ 2,000	\$ 447	\$ -
Receipts:										
Local sources	1,137,983	-	-	-	421	-	7,137	-	444	1,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,137,983	-	-	-	421	-	7,137	-	444	1,000
Disbursements:										
Current:										
Instruction	-	-	1,054	-	-	58	1,763	2,000	891	-
Support services	-	-	-	-	376	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,427,791	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,427,791	-	1,054	-	376	58	1,763	2,000	891	-
Excess (deficiency) of receipts over disbursements	(289,808)	-	(1,054)	-	45	(58)	5,374	(2,000)	(447)	1,000
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(289,808)	-	(1,054)	-	45	(58)	5,374	(2,000)	(447)	1,000
Cash and investments - ending	\$ 2,436	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ 7,219	\$ -	\$ -	\$ 1,000

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Scholastic Math Magazine 2012-13	Leaping Into Learning Leap Pad 2012-13	Rebate Fund/ ASBO	Scholarships and Awards Fund	Coca Cola	A.H.E.A.D. Drug Free Program 2010-11	A.H.E.A.D. Drug Free Program 2009-10	High Ability 2009-10	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ 21,931	\$ 1,500	\$ 2,293	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	1,000	1,500	46,890	9,900	-	-	-	-	-	-
Intermediate sources	-	-	2,895	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	32,387
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,000	1,500	49,785	9,900	-	-	-	-	-	32,387
Disbursements:										
Current:										
Instruction	-	-	3,250	-	2,000	-	-	-	-	32,387
Support services	-	-	23,691	-	293	-	-	-	-	-
Noninstructional services	-	-	-	-	500	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	8,400	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	26,941	8,400	2,793	-	-	-	-	32,387
Excess (deficiency) of receipts over disbursements	1,000	1,500	22,844	1,500	(2,793)	-	-	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	500	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	500	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,000	1,500	22,844	1,500	(2,293)	-	-	-	-	-
Cash and investments - ending	\$ 1,000	\$ 1,500	\$ 44,775	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Non English Speaking 2009-10	Title III - WVEC 2009-10	Title III - WVEC 2010-11	Non English Speaking 2010-11	Non English Speaking 2011-12	Technology Grant - E Rate Refund	Alternative Education	Innovation Grant 2012	Excess PTRC Distributions	Title I FY 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	17,867	-	-	-	1
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	2,199	16,543	-	8,500	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	2,199	16,543	-	8,500	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	2,199	-	-	-	-	-
Support services	-	-	-	-	-	25,727	-	29,364	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	2,199	25,727	-	29,364	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(9,184)	-	(20,864)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	(9,184)	-	(20,864)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	8,683	-	(20,864)	-	1

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title I FY 2010-11	Title I FY 2011-12	I Read K-2	IDEA Part B CO-OP 2009-10	IDEA Part B CO-OP 2010-11	IDEA Part B CO-OP 2011-12	IDEA Preschool CO-OP 2009-10	IDEA Preschool CO-OP 2010-11	IDEA Preschool CO-OP 2011-12	Title IV Part A SDFS 2008-09
Cash and investments - beginning	\$ (17,147)	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	55,675	152,290	5,000	-	-	453,271	-	-	17,196	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	55,675	152,290	5,000	-	-	453,271	-	-	17,196	-
Disbursements:										
Current:										
Instruction	30,588	139,301	-	-	-	454,455	-	-	17,196	-
Support services	7,940	37,744	4,200	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	38,528	177,045	4,200	-	-	454,455	-	-	17,196	-
Excess (deficiency) of receipts over disbursements	17,147	(24,755)	800	-	-	(1,184)	-	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	17,147	(24,755)	800	-	-	(1,184)	-	-	-	-
Cash and investments - ending	\$ -	\$ (24,755)	\$ 800	\$ -	\$ 2	\$ (1,184)	\$ -	\$ -	\$ -	\$ -

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title IV Part A SDFS 2009-10	Title II - Part A 2009-11	Title II - Part A 2010-2012	Title II - Part A 2011-2013	Title I ARRA 2010-11	IDEA, Part B ARRA 2009-10	Qualified School Construction Bond	Education Jobs 2010-12	Payroll Fund	Totals
Cash and investments - beginning	\$ (488)	\$ -	\$ (4,596)	\$ -	\$ (3,025)	\$ (11,340)	\$ -	\$ -	\$ 46,735	\$ 11,561,755
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	8,477,226
Intermediate sources	-	-	-	-	-	-	-	-	-	3,188
State sources	-	-	-	-	-	-	-	-	-	11,685,832
Federal sources	1,856	-	24,095	2,500	3,050	24,357	-	5,623	-	1,149,150
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	3,138,566	3,140,850
Total receipts	1,856	-	24,095	2,500	3,050	24,357	-	5,623	3,138,566	24,456,246
Disbursements:										
Current:										
Instruction	-	-	19,499	2,500	-	13,017	-	5,623	-	8,428,556
Support services	1,368	-	-	-	-	-	-	-	-	7,174,550
Noninstructional services	-	-	-	-	-	-	-	-	-	1,372,622
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,170,232
Debt services	-	-	-	-	-	-	-	-	-	2,004,967
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,124,636	4,560,827
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,368	-	19,499	2,500	-	13,017	-	5,623	3,124,636	24,711,754
Excess (deficiency) of receipts over disbursements	488	-	4,596	-	3,050	11,340	-	-	13,930	(255,508)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	33,778
Transfers in	-	-	-	-	-	-	-	-	-	7,129,138
Transfers out	-	-	-	-	(27)	-	-	-	(73)	(7,129,211)
Total other financing sources (uses)	-	-	-	-	(27)	-	-	-	(73)	33,705
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	488	-	4,596	-	3,023	11,340	-	-	13,857	(221,803)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ 60,592	\$ 11,339,952

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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Montgomery High School Holding Corp	High School addition and renovation	\$ 1,705,000	01-15-03	01-15-20
Total of annual lease payments		<u>\$ 1,705,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 2,545,000	\$ 299,281
QSCB	Energy Savings	<u>1,700,000</u>	<u>89,095</u>
Totals		<u>\$ 4,245,000</u>	<u>\$ 388,376</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***ERRORS ON CLAIMS***

Some claims were not approved by the School Board.

The Treasurer did not include numerous disbursements on the Accounts Payable Control Register in order to receive approval for disbursements by the School Board. Claims that were written at the time of the Board meeting to the end of the month were not being included in the Accounts Payable Control Register for approval by the School Board. This occurred for about six months before the issue was noticed and corrected for all successive meetings. The Treasurer was inadvertently using the beginning date of the month to generate the Accounts Payable Control Register for the board meetings. In doing this, she was omitting the claims that were paid from the date of the prior meeting to the end of the prior month. The error was present from July 2010 to November 2010, and was corrected as of December 2010.

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

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

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

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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 North Montgomery Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

January 17, 2013

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 2010-11	\$ 129,465	\$ -
		FY 2011-12	-	114,479
Total for program			<u>129,465</u>	<u>114,479</u>
National School Lunch Program	10.555			
		FY 2010-11	411,541	-
		FY 2011-12	-	357,838
Total for program			<u>411,541</u>	<u>357,838</u>
Total for federal grantor agency			<u>541,006</u>	<u>472,317</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
		10-5835	36,245	-
		11-5835	145,526	55,675
		12-5835	-	152,290
Total for program			<u>181,771</u>	<u>207,965</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		11-5835	57,558	3,050
Total for cluster			<u>239,329</u>	<u>211,015</u>
Pass-Through Crawfordsville Community School Corporation Special Education Cluster (IDEA) Special Education - Grants to States	84.027			
		45710-081-PN01	46,566	-
		45711-081-PN01	468,415	-
		45712-081-PN01	-	453,271
Total for program			<u>514,981</u>	<u>453,271</u>
Special Education - Preschool Grants	84.173			
		45710-081-PN01	1,651	-
		45711-081-PN01	15,656	-
		45712-081-PN01	-	17,196
Total for program			<u>17,307</u>	<u>17,196</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	3310-062-SN01	208,001	24,357
Total for cluster			<u>740,289</u>	<u>494,824</u>
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - State Grants	84.186			
		5835-10	3,784	-
		5835-12	5,007	1,856
Total for program			<u>8,791</u>	<u>1,856</u>
Improving Teacher Quality State Grants	84.367			
		5835-09	34,476	-
		5835-10	44,664	24,095
		5835-11	-	2,500
Total for program			<u>79,140</u>	<u>26,595</u>
Education Jobs Fund	84.410			
		FY2010/2012	380,645	5,623
Total for federal grantor agency			<u>1,448,194</u>	<u>739,913</u>
Total federal awards expended			<u>\$ 1,989,200</u>	<u>\$ 1,212,230</u>

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

**Note 1. 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 statement. 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 Indiana Code (IC 5-11-1 et seq.), audits of Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 13,204	\$ 16,501
National School Lunch Program	10.555	41,973	51,579

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Title I Part A Cluster Education Jobs Fund

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  
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2013, with Colleen M. Moran, Superintendent of Schools; Teresa A. Hatke, former President of the School Board; Jim McBee, Director of Business; and Glenda Nice, Treasurer. The officials concurred with our audit findings.