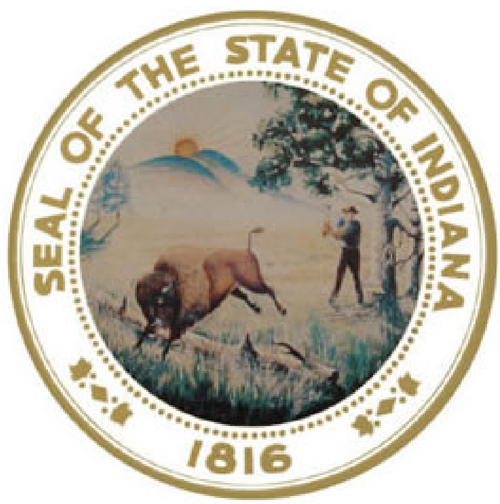
B40099

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY
SHELBY COUNTY, INDIANA

July 1, 2009 to June 30, 2011



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02/17/2012

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Nathaniel D. Day	07-01-09 to 09-16-11
	(Vacant)	09-17-11 to 10-11-11
	Chris Scott	10-12-11 to 12-31-11
	Laura Mullen	01-01-12 to 12-31-12
Superintendent of Schools	Ellen L. Welk	07-01-09 to 06-30-12
President of the School Board	John Merlau	07-01-09 to 06-30-12

STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE NORTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

We have audited the accompanying financial statement of the Northwestern Consolidated School District of Shelby County (School Corporation), for the years ended June 30, 2010 and 2011. 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 basis of accounting noted above is a different basis than that used in the prior year.

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 years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, 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, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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

December 20, 2011

STATE OF INDIANA
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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 NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

We have audited the financial statement of the Northwestern Consolidated School District of Shelby County (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated December 20, 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

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 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.

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

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

December 20, 2011

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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NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	$ 315,878	$ 8,682,247	$ 8,208,802	$ 248,798	$ 1,038,121	$ 8,819,817	$ 8,665,295	$ 103,003	$ 1,295,646
Debt Service	247,766	1,673,271	1,469,601	-	451,436	1,354,204	1,061,273	-	744,367
Retirement/Severance Bond Debt Service	(106,504)	280,851	124,984	(45,000)	4,363	126,669	61,194	-	69,838
Capital Projects	260,535	1,938,935	1,487,722	200	711,948	1,320,084	1,241,363	-	790,669
School Transportation	257,611	1,021,494	783,645	261	495,721	753,315	724,027	(77,000)	448,009
School Bus Replacement	141,255	181,477	266,596	45,000	101,136	127,514	145,914	-	82,736
Special Education Preschool	84,383	26,126	33,259	(77,250)	-	-	-	-	-
Retirement/Severance Bond	55,070	-	-	-	55,070	-	21,115	-	33,955
TC/ADM 2006 Construction Fund	41,163	-	30,329	-	10,834	-	10,559	-	275
New Tech Construction	13,576	-	39,201	25,625	-	-	-	-	-
Phase 2 Construction	-	597	261,705	1,871,705	1,610,597	9,562	1,018,746	-	601,413
School Lunch	47,167	600,022	572,772	-	74,417	640,766	616,322	-	98,861
Textbook Rental	28,731	170,923	157,736	-	41,918	227,382	94,965	-	174,335
Levy Excess	-	17,424	-	-	17,424	-	-	-	17,424
Joint Services and Supply - Other	2,702	71,656	61,900	-	12,458	76,419	65,682	-	23,195
Educational License Plates	7,444	225	7,872	-	(203)	131	-	-	(72)
Mendenhall Field	-	-	-	-	-	4,341	300	-	4,041
New Tech High	-	125,000	10,553	-	114,447	-	96,040	-	18,407
New Tech Grant	19,589	-	12,171	-	7,418	-	6,540	-	878
New Tech Language Lab	77,500	-	71,197	-	6,303	-	6,303	-	-
Shelby County Drug Coalition	850	1,000	1,192	-	658	1,199	776	-	1,081
CET Buddy Grant	-	8,915	1,398	-	7,517	-	3,228	-	4,289
Monsanto Grant	-	10,000	-	-	10,000	-	8,537	-	1,463
IDEM Exhaust Reduction	(9,240)	9,240	-	-	-	-	-	-	-
Donation Grant	275	1,380	100	-	1,555	49	1,473	-	131
Medicaid Reimbursement	17,600	-	-	-	17,600	-	-	-	17,600
Non-English Speaking Programs P.L. 273-1999	91	920	-	-	1,011	114	-	-	1,125
School Technology	4,129	8,043	8,611	-	3,561	17,980	18,328	-	3,213
Indiana School Academic Improvement Program (ISAIP)	303	-	-	-	303	-	-	-	303
School Age Child Care/Parents	22,619	41,969	36,679	-	27,909	41,746	43,350	-	26,305
Extended Day Kindergarten	73,791	-	29,100	-	44,691	-	12,359	-	32,332
Pre School	32,740	58,431	36,817	-	54,354	49,707	20,796	-	83,265
Cape Grant	2,190	-	2,190	-	-	-	-	-	-
Cape Grant 08-09	(24,203)	4,877	(19,326)	-	-	-	-	-	-
Title I 2007-2008	47,864	-	47,836	-	28	-	-	-	28
Title I 2009-2010	-	185,291	126,311	-	58,980	6,000	70,980	-	(6,000)
Title I 2010-2011	-	-	-	-	-	149,780	156,207	-	(6,427)
High Ability Grant 09/10	-	31,867	18,858	-	13,009	-	13,009	-	-
High Ability Grant 10/11	-	-	-	-	-	31,388	23,579	-	7,809
Title V 07-08	408	-	400	-	8	-	-	-	8
Title II 2001-02 Eisenhower	(100)	-	-	-	(100)	-	(100)	-	-
Medicaid Reimbursement - Federal	10,489	-	-	-	10,489	-	-	-	10,489
Project Lead Way - PLTW 7-359	-	-	2,791	2,791	-	-	-	-	-
PLTW - Biomed - #SPL BIO-7-359	2,791	8,021	8,070	(2,791)	(49)	-	(49)	-	-
PLTW Biomed 2009-2010	-	-	2,898	-	(2,898)	14,759	11,861	-	-
Proj Lead the Way/Technology	(409)	11,148	10,908	-	(169)	-	(169)	-	-
PLTW Eng D&D 2009-10	-	-	6,037	-	(6,037)	-	(2,586)	-	(3,451)
Improving Teaching Quality, No Child Left, Title II, Part A	11,486	78,462	39,501	-	50,447	1,813	47,026	-	5,234
Fiscal Stabilization - Education	695,646	312,612	1,008,258	-	-	-	-	-	-
Title I - Grants to LEAs	-	124,881	84,860	-	40,021	-	20,637	(19,384)	-
Special Education - Part B	-	342,284	143,603	(170,842)	27,839	-	27,839	-	-
Special Education - Part B - Preschool	-	9,668	10,985	-	(1,317)	-	1,689	-	(3,006)
Payroll Withholding Fund	(23,258)	1,872,092	1,854,621	-	(5,787)	1,955,730	1,947,232	-	2,711
Totals	$ 2,359,928	$ 17,911,349	$ 17,062,743	$ 1,898,497	$ 5,107,031	$ 15,730,469	$ 16,261,640	$ 6,619	$ 4,582,479

The notes to the financial statement are an integral part of this 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 (primary government).

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.

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 which include distributions from the State of Indiana 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.

Federal sources which include distributions from the federal government 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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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.

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 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.

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. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

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. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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 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.

The School Corporation also contributes to 401(a) plan that is unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

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 Report 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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond
Cash and investments - beginning	$ 315,878	$ 247,766	$ (106,504)	$ 260,535	$ 257,611	$ 141,255	$ 84,383	$ 55,070
Receipts:								
Local sources	165,874	1,673,271	280,851	1,938,884	1,021,494	181,477	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,513,816	-	-	-	-	-	26,126	-
Federal sources	-	-	-	-	-	-	-	-
Other	2,557	-	-	51	-	-	-	-
Total receipts	8,682,247	1,673,271	280,851	1,938,935	1,021,494	181,477	26,126	-
Disbursements:								
Current:								
Instruction	4,550,318	-	-	-	-	-	33,259	-
Support services	2,747,643	-	-	428,112	559,645	266,596	-	-
Noninstructional services	(4,085)	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	759,610	-	-	-	-
Debt services	-	1,469,601	124,984	300,000	224,000	-	-	-
Nonprogrammed charges	914,926	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	8,208,802	1,469,601	124,984	1,487,722	783,645	266,596	33,259	-
Excess (deficiency) of receipts over disbursements	473,445	203,670	155,867	451,213	237,849	(85,119)	(7,133)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	706	-	-	200	261	-	-	-
Transfers in	248,092	-	-	-	-	45,000	-	-
Transfers out	-	-	(45,000)	-	-	-	(77,250)	-
Total other financing sources (uses)	248,798	-	(45,000)	200	261	45,000	(77,250)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	722,243	203,670	110,867	451,413	238,110	(40,119)	(84,383)	-
Cash and investments - ending	$ 1,038,121	$ 451,436	$ 4,363	$ 711,948	$ 495,721	$ 101,136	$ -	$ 55,070

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	TC/ADM 2006 Construction Fund	New Tech Construction	Phase 2 Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates
Cash and investments - beginning	$ 41,163	$ 13,576	$ -	$ 47,167	$ 28,731	$ -	$ 2,702	$ 7,444
Receipts:								
Local sources	-	-	597	384,816	146,618	17,424	71,656	-
Intermediate sources	-	-	-	-	-	-	-	225
State sources	-	-	-	8,607	24,305	-	-	-
Federal sources	-	-	-	206,599	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	597	600,022	170,923	17,424	71,656	225
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	904	157,736	-	61,900	7,872
Noninstructional services	-	-	-	571,868	-	-	-	-
Facilities acquisition and construction	30,329	39,201	261,705	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	30,329	39,201	261,705	572,772	157,736	-	61,900	7,872
Excess (deficiency) of receipts over disbursements	(30,329)	(39,201)	(261,108)	27,250	13,187	17,424	9,756	(7,647)
Other financing sources (uses):								
Proceeds of long-term debt	-	25,625	1,871,705	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	25,625	1,871,705	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,329)	(13,576)	1,610,597	27,250	13,187	17,424	9,756	(7,647)
Cash and investments - ending	$ 10,834	$ -	$ 1,610,597	$ 74,417	$ 41,918	$ 17,424	$ 12,458	$ (203)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	New Tech High	New Tech Grant	New Tech Language Lab	Shelby County Drug Coalition	CET Buddy Grant	Monsanto Grant	IDEM Exhaust Reduction	Donation Grant
Cash and investments - beginning	$ -	$ 19,589	$ 77,500	$ 850	$ -	$ -	$ (9,240)	$ 275
Receipts:								
Local sources	125,000	-	-	1,000	8,915	10,000	9,240	1,380
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	125,000	-	-	1,000	8,915	10,000	9,240	1,380
Disbursements:								
Current:								
Instruction	-	-	-	-	1,398	-	-	-
Support services	-	12,171	71,197	1,192	-	-	-	100
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	10,553	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	10,553	12,171	71,197	1,192	1,398	-	-	100
Excess (deficiency) of receipts over disbursements	114,447	(12,171)	(71,197)	(192)	7,517	10,000	9,240	1,280
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	114,447	(12,171)	(71,197)	(192)	7,517	10,000	9,240	1,280
Cash and investments - ending	$ 114,447	$ 7,418	$ 6,303	$ 658	$ 7,517	$ 10,000	$ -	$ 1,555

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Indiana School Academic Improvement Program (ISAIP)	School Age Child Care/ Parents	Extended Day Kindergarten	Pre School	Cape Grant
Cash and investments - beginning	$ 17,600	$ 91	$ 4,129	$ 303	$ 22,619	$ 73,791	$ 32,740	$ 2,190
Receipts:								
Local sources	-	-	8,043	-	41,969	-	58,431	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	920	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	920	8,043	-	41,969	-	58,431	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	8,611	-	-	-	-	-
Noninstructional services	-	-	-	-	36,679	29,100	36,817	2,190
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	8,611	-	36,679	29,100	36,817	2,190
Excess (deficiency) of receipts over disbursements	-	920	(568)	-	5,290	(29,100)	21,614	(2,190)
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	-	920	(568)	-	5,290	(29,100)	21,614	(2,190)
Cash and investments - ending	$ 17,600	$ 1,011	$ 3,561	$ 303	$ 27,909	$ 44,691	$ 54,354	$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Cape Grant 08-09	Title I 2007-2008	Title I 2009-2010	Title I 2010-2011	High Ability Grant 09/10	High Ability Grant 10/11	Title V 07-08
Cash and investments - beginning	$ (24,203)	$ 47,864	$ -	$ -	$ -	$ -	$ 408
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,877	-	185,291	-	31,867	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	4,877	-	185,291	-	31,867	-	-
Disbursements:							
Current:							
Instruction	-	43,912	126,068	-	18,858	-	-
Support services	-	3,924	-	-	-	-	400
Noninstructional services	(19,326)	-	243	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	(19,326)	47,836	126,311	-	18,858	-	400
Excess (deficiency) of receipts over disbursements	24,203	(47,836)	58,980	-	13,009	-	(400)
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	24,203	(47,836)	58,980	-	13,009	-	(400)
Cash and investments - ending	$ -	$ 28	$ 58,980	$ -	$ 13,009	$ -	$ 8

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Title II 2001-02 Eisenhower	Medicaid Reimbursement - Federal	Project Lead Way - PLTW 7-359	PLTW - Biomed - #SPL BIO - 7-359	PLTW Biomed 2009-2010	Proj Lead the Way/ Technology	PLTW Eng D&D 2009-10
Cash and investments - beginning	$ (100)	$ 10,489	$ -	$ 2,791	$ -	$ (409)	$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	8,021	-	11,148	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	8,021	-	11,148	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	2,791	8,070	2,898	10,908	6,037
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	-	-	2,791	8,070	2,898	10,908	6,037
Excess (deficiency) of receipts over disbursements	-	-	(2,791)	(49)	(2,898)	240	(6,037)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	2,791	-	-	-	-
Transfers out	-	-	-	(2,791)	-	-	-
Total other financing sources (uses)	-	-	2,791	(2,791)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,840)	(2,898)	240	(6,037)
Cash and investments - ending	$ (100)	$ 10,489	$ -	$ (49)	$ (2,898)	$ (169)	$ (6,037)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2010
(Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Payroll Withholding Fund	Totals
Cash and investments - beginning	$ 11,486	$ 695,646	$ -	$ -	$ -	$ (23,258)	$ 2,359,928
Receipts:							
Local sources	-	-	-	-	-	-	6,146,940
Intermediate sources	-	-	-	-	-	-	225
State sources	-	-	-	-	-	-	8,795,809
Federal sources	78,462	312,612	124,881	342,284	9,668	-	1,093,675
Other	-	-	-	-	-	1,872,092	1,874,700
Total receipts	78,462	312,612	124,881	342,284	9,668	1,872,092	17,911,349
Disbursements:							
Current:							
Instruction	-	678,050	-	-	-	-	5,451,863
Support services	39,501	252,282	-	-	-	-	4,650,490
Noninstructional services	-	36,960	-	-	-	-	690,446
Facilities acquisition and construction	-	-	84,860	143,603	10,985	-	1,340,846
Debt services	-	-	-	-	-	-	2,118,585
Nonprogrammed charges	-	40,966	-	-	-	-	955,892
Other	-	-	-	-	-	1,854,621	1,854,621
Total disbursements	39,501	1,008,258	84,860	143,603	10,985	1,854,621	17,062,743
Excess (deficiency) of receipts over disbursements	38,961	(695,646)	40,021	198,681	(1,317)	17,471	848,606
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,897,330
Sale of capital assets	-	-	-	-	-	-	1,167
Transfers in	-	-	-	-	-	-	295,883
Transfers out	-	-	-	(170,842)	-	-	(295,883)
Total other financing sources (uses)	-	-	-	(170,842)	-	-	1,898,497
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	38,961	(695,646)	40,021	27,839	(1,317)	17,471	2,747,103
Cash and investments - ending	$ 50,447	$ -	$ 40,021	$ 27,839	$ (1,317)	$ (5,787)	$ 5,107,031

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond
Cash and investments - beginning	$ 1,038,121	$ 451,436	$ 4,363	$ 711,948	$ 495,721	$ 101,136	$ -	$ 55,070
Receipts:								
Local sources	35,976	1,354,204	126,669	1,284,402	739,983	127,514	-	-
Intermediate sources	261	-	-	-	-	-	-	-
State sources	8,764,832	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	18,748	-	-	35,682	13,332	-	-	-
Total receipts	8,819,817	1,354,204	126,669	1,320,084	753,315	127,514	-	-
Disbursements:								
Current:								
Instruction	5,282,023	-	-	-	-	-	-	-
Support services	2,555,078	-	-	574,617	724,027	145,914	-	21,115
Noninstructional services	176,486	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	638,437	-	-	-	-
Debt services	-	1,061,273	61,194	28,309	-	-	-	-
Nonprogrammed charges	651,708	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	8,665,295	1,061,273	61,194	1,241,363	724,027	145,914	-	21,115
Excess (deficiency) of receipts over disbursements	154,522	292,931	65,475	78,721	29,288	(18,400)	-	(21,115)
Other financing sources (uses):								
Sale of capital assets	6,619	-	-	-	-	-	-	-
Transfers in	96,384	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(77,000)	-	-	-
Total other financing sources (uses)	103,003	-	-	-	(77,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	257,525	292,931	65,475	78,721	(47,712)	(18,400)	-	(21,115)
Cash and investments - ending	$ 1,295,646	$ 744,367	$ 69,838	$ 790,669	$ 448,009	$ 82,736	$ -	$ 33,955

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	TC/ADM 2006 Construction Fund	New Tech Construction	Phase 2 Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates
Cash and investments - beginning	$ 10,834	$ -	$ 1,610,597	$ 74,417	$ 41,918	$ 17,424	$ 12,458	$ (203)
Receipts:								
Local sources	-	-	9,562	405,243	194,999	-	76,419	-
Intermediate sources	-	-	-	-	-	-	-	131
State sources	-	-	-	7,667	32,383	-	-	-
Federal sources	-	-	-	227,856	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	9,562	640,766	227,382	-	76,419	131
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	1,044	94,965	-	65,682	-
Noninstructional services	-	-	-	615,278	-	-	-	-
Facilities acquisition and construction	10,559	-	1,018,746	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	10,559	-	1,018,746	616,322	94,965	-	65,682	-
Excess (deficiency) of receipts over disbursements	(10,559)	-	(1,009,184)	24,444	132,417	-	10,737	131
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	(10,559)	-	(1,009,184)	24,444	132,417	-	10,737	131
Cash and investments - ending	$ 275	$ -	$ 601,413	$ 98,861	$ 174,335	$ 17,424	$ 23,195	$ (72)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Mendenhall Field	New Tech High	New Tech Grant	New Tech Language Lab	Shelby County Drug Coalition	CET Buddy Grant	Monsanto Grant	IDEM Exhaust Reduction
Cash and investments - beginning	$ -	$ 114,447	$ 7,418	$ 6,303	$ 658	$ 7,517	$ 10,000	$ -
Receipts:								
Local sources	4,341	-	-	-	1,199	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	4,341	-	-	-	1,199	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	3,228	8,537	-
Support services	300	-	6,540	6,303	776	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	96,040	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	300	96,040	6,540	6,303	776	3,228	8,537	-
Excess (deficiency) of receipts over disbursements	4,041	(96,040)	(6,540)	(6,303)	423	(3,228)	(8,537)	-
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	4,041	(96,040)	(6,540)	(6,303)	423	(3,228)	(8,537)	-
Cash and investments - ending	$ 4,041	$ 18,407	$ 878	$ -	$ 1,081	$ 4,289	$ 1,463	$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Donation Grant	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Indiana School Academic Improvement Program (ISAIP)	School Age Child Care/ Parents	Extended Day Kindergarten
Cash and investments - beginning	$ 1,555	$ 17,600	$ 1,011	$ 3,561	$ 303	$ 27,909	$ 44,691
Receipts:							
Local sources	49	-	-	17,980	-	41,746	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	114	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	49	-	114	17,980	-	41,746	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	1,473	-	-	18,328	-	-	-
Noninstructional services	-	-	-	-	-	43,350	12,359
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	1,473	-	-	18,328	-	43,350	12,359
Excess (deficiency) of receipts over disbursements	(1,424)	-	114	(348)	-	(1,604)	(12,359)
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	(1,424)	-	114	(348)	-	(1,604)	(12,359)
Cash and investments - ending	$ 131	$ 17,600	$ 1,125	$ 3,213	$ 303	$ 26,305	$ 32,332

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Pre School	Title I 2007-2008	Title I 2009-2010	Title I 2010-2011	High Ability Grant 09/10	High Ability Grant 10/11	Title V 07-08
Cash and investments - beginning	$ 54,354	$ 28	$ 58,980	$ -	$ 13,009	$ -	$ 8
Receipts:							
Local sources	49,707	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	6,000	149,780	-	31,388	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	49,707	-	6,000	149,780	-	31,388	-
Disbursements:							
Current:							
Instruction	-	-	63,291	156,042	13,009	23,579	-
Support services	-	-	6,932	-	-	-	-
Noninstructional services	20,796	-	757	165	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	20,796	-	70,980	156,207	13,009	23,579	-
Excess (deficiency) of receipts over disbursements	28,911	-	(64,980)	(6,427)	(13,009)	7,809	-
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	28,911	-	(64,980)	(6,427)	(13,009)	7,809	-
Cash and investments - ending	$ 83,265	$ 28	$ (6,000)	$ (6,427)	$ -	$ 7,809	$ 8

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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 II 2001-02 Eisenhower	Medicaid Reimbursement - Federal	Project Lead Way - PLTW 7-359	PLTW - Biomed - #SPL BIO - 7-359	PLTW Biomed 2009-2010	Proj Lead the Way/ Technology	PLTW Eng D&D 2009-10
Cash and investments - beginning	$ (100)	$ 10,489	$ -	$ (49)	$ (2,898)	$ (169)	$ (6,037)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	14,759	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	14,759	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	(100)	-	-	(49)	11,861	(169)	(2,586)
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total disbursements	(100)	-	-	(49)	11,861	(169)	(2,586)
Excess (deficiency) of receipts over disbursements	100	-	-	49	2,898	169	2,586
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	100	-	-	49	2,898	169	2,586
Cash and investments - ending	$ -	$ 10,489	$ -	$ -	$ -	$ -	$ (3,451)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Payroll Withholding Fund	Totals
Cash and investments - beginning	$ 50,447	$ -	$ 40,021	$ 27,839	$ (1,317)	$ (5,787)	$ 5,107,031
Receipts:							
Local sources	-	-	-	-	-	-	4,469,993
Intermediate sources	-	-	-	-	-	-	392
State sources	-	-	-	-	-	-	8,992,164
Federal sources	1,813	-	-	-	-	-	244,428
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,955,730	2,023,492
Total receipts	1,813	-	-	-	-	1,955,730	15,730,469
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	5,549,709
Support services	47,026	-	-	-	-	-	4,279,077
Noninstructional services	-	-	-	-	-	-	869,191
Facilities acquisition and construction	-	-	20,637	27,839	1,689	-	1,813,947
Debt services	-	-	-	-	-	-	1,150,776
Nonprogrammed charges	-	-	-	-	-	-	651,708
Other	-	-	-	-	-	1,947,232	1,947,232
Total disbursements	47,026	-	20,637	27,839	1,689	1,947,232	16,261,640
Excess (deficiency) of receipts over disbursements	(45,213)	-	(20,637)	(27,839)	(1,689)	8,498	(531,171)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	6,619
Transfers in	-	-	-	-	-	-	96,384
Transfers out	-	-	(19,384)	-	-	-	(96,384)
Total other financing sources (uses)	-	-	(19,384)	-	-	-	6,619
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,213)	-	(40,021)	(27,839)	(1,689)	8,498	(524,552)
Cash and investments - ending	$ 5,234	$ -	$ -	$ -	$ (3,006)	$ 2,711	$ 4,582,479

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 222,402
Buildings	11,799,600
Improvements other than buildings	651,082
Machinery and equipment	3,674,076
Total governmental activities, capital assets not being depreciated	$ 16,347,160

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
2004 Lease - Middle School	$ 1,410,000	$ 421,498
2006 Lease - High School	1,275,000	214,489
2010 Lease - High School	10,480,000	-
Middle School Energy Savings	612,765	260,950
Common School Loan	262,500	94,688
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bonds	780,000	121,544
2009 High School Remodel	1,800,000	50,187
Total debt	$ 16,620,265	$ 1,163,355

OFFICIAL BOND

Official bond for the Extra-Curricular Treasurer for the period July 1, 2009 to January 26, 2010, was not on file in the office of the County Recorder.

The treasurer of each extra-curricular account shall provide a faithful performance of duty bond for one year, the term of the office. The amount of the bond shall be fixed and approved by the school superintendent and principal approximating the total amount of anticipated funds which will come into the hands of the treasurer at any one time during the regular school year, IC 20-41-1-6. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder and also with the school board. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

GUARANTEED ENERGY SAVINGS CONTRACTS

Triton Central High School

The School Corporation entered into a guaranteed energy savings contract with Energy Systems Group, LLC, on April 26, 2000. The total amount of the contract was $665,000. The total amount of guaranteed energy savings was $87,500. The total amount of guaranteed stipulated and agreed upon operational savings was $577,500. The "stipulated and agreed upon" operational savings were "considered fully satisfied upon the Owner's final acceptance of the project." There was no information presented for audit to document "stipulated and agreed upon" operational savings.

The High School Project has contract requirements which include full lighting upgrade, well water pressure tank replacement, fresh water well cleaning and refurbishing, certain HVAC and control repair and replacement, revised air handling ductwork system, and repair and replacement of air handling unit controls.

Triton Middle School

The School Corporation entered into a guaranteed energy savings contract with Energy Systems Group, LLC, on January 8, 2003. The total amount of the contract was $2,350,559. The total amount of guaranteed energy savings was $375,600. The total amount of guaranteed operational savings was $2,632,055. The parties stipulate and agree that the energy and operational savings were "considered fully satisfied upon the Owner's final acceptance of the project." There was no information presented for audit to document "stipulated and agreed upon" operational savings.

The Middle School Project has contract requirements which include installation of a new front-end workstation with full communications network, boiler control, chiller control, pump control, AHU control, unit ventilator control, exhaust fan control, and a new boiler room.

Statutory and Other Compliance Guideline Provisions

Indiana Code 36-1-12-1(e) states in part: "As an alternative to this chapter, the governing body . . . may . . . participate in a utility efficiency program or enter into a guaranteed savings contract as permitted under Indiana Code 36-1-12.5."

Indiana Code 36-1-12.5-1 (a) states in part:

"As used in this chapter, 'conservation measure': (1) means: (A) a facility alteration; (B) an alteration of a structure (as defined in IC 36-1-10-2); (C) a technology upgrade; or (D) with respect to an installation described in subdivision (2)(G) or (2)(H), an alteration of a structure or system; designed to . . . reduce energy . . . or other operating costs . . ."

Indiana Code 36-1-12.5-5 states in part:

"(a) The governing body may enter into . . . a guaranteed savings contract with a qualified provider to . . . reduce the school corporation's . . . energy . . . or operating costs if, after review of the report described in section 6 of this chapter, the governing body finds: (1) in the case of conservation measures . . . that the amount the governing body would spend on the conservation measures under the contract and that are recommended in the report is not likely to exceed the amount to be saved in energy consumption costs and other operating costs over twenty (20) years from the date of installation if the recommendations in the report were followed; . . . (3) in the case of a guaranteed savings contract, the qualified provider provides a written guarantee as described in subsection (d)(3). . . .

(d) An agreement to participate in a . . . guaranteed savings contract under this section must provide that: . . . (3) in the case of the guaranteed savings contract: (A) the: (i) savings in energy and . . . and other operating costs; . . . due to the conservation measures are guaranteed to cover the costs of the payments for the measures; and (B) the qualified provider will reimburse the school corporation . . . for the difference between the guaranteed savings and the actual savings . . ."

Indiana Code 36-1-12.5-3.7 states: "As used in this chapter, 'stipulated savings' are assumed savings that are documented by industry engineering standards."

Indiana Code 36-1-12.5-11 states in part:

"(a) A guaranteed savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards. (b) Stipulated savings may be used for conservation measures including . . . (11) Any work that is causally connected to the energy conservation measures listed in subdivisions (1) through (10). (c) The guaranteed savings contract shall: (1) describe stipulated savings for: (A) conservation measures; and (B) work causally connected to the energy conservation measures; and (2) document assumptions by industry engineering standards."

Repayment of Costs in Excess of Savings

The School Corporation Officials conveyed that the items shown as "agreed upon" or "stipulated savings" have been predetermined. Furthermore, the School Corporation Officials do not have available for audit and conveyed they do not plan in the future to have any additional information to document actual operating or energy savings. Accordingly, with due regards for the remaining contract time for which information may be presented to document actual operating and energy savings ("stipulated savings" documented by "industry engineering standards"), the School Corporation should request reimbursement from Energy Systems Group, LLC ,for costs which did not result in an actual reduction of energy consumption costs or other operating costs (stipulated savings which were not supported by "industry engineering standards") at the end of the contract term in accordance with Indiana Code 36-1-12.5-5(d)(3)(B).

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining adequate supporting documentation. For example, disbursements were posted to the Fiscal Stabilization Education Fund that should have been posted to the General Fund. To correct this error, the disbursement was then posted to the General Fund and a negative disbursement was posted to the Fiscal Stabilization Education Fund.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS OVER PAYROLL WITHHOLDINGS

Controls for receipts and disbursements generated by the Payroll Withholding Fund are insufficient. The detail of Payroll Withholding Fund reconciles to the payroll withholding control balance as of June 30, 2011; however, the individual sub-accounts within the Payroll Withholding Fund are not being reconciled. At June 30, 2011, six sub-accounts within the Payroll Withholding Fund had negative fund balances. Furthermore, the entire Payroll Withholding Fund had a negative balance of $23,258 at July 1, 2009, and a negative balance of $5,787 at July 1, 2010.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

> Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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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

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

TO: THE OFFICIALS OF THE NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

Compliance

We have audited the compliance of the Northwestern Consolidated School District of Shelby County (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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2, 2011-3, and 2011-4.

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 in order 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.

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2, 2011-3, and 2011-4. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

December 20, 2011

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 09-10	$ 27,207	$ -
		FY 10-11	-	35,517
National School Lunch Program	10.555	FY 09-10	220,100	-
		FY 10-11	-	233,867
Total for federal grantor agency			247,307	269,384
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 08-09		09-7350	36,238	-
FY 09-10		10-7350	126,311	70,980
FY 10-11		11-7350	-	156,208
Total for program			162,549	227,188
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
FY 09-10		10-7350	84,860	-
Total for cluster			247,409	227,188
Pass-Through University of Indianapolis				
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	None	10,553	96,040
Pass-Through Blue River Special Education Cooperative				
Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States, Recovery Act	84.391			
FY 09-10		33310-005-SN01	314,445	27,839
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
FY 09-10		44410-005-SN01	10,985	1,689
Total for cluster			325,430	29,528
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	None		
FY 09-10			1,008,256	-
FY 10-11			-	40,021
Total for cluster			1,008,256	40,021
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	SPL BIO-9-359	10,861	11,861
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243	None	10,908	-
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
FY 09-10		10-7350	39,501	-
FY 10-11		11-7350	-	47,025
Total for program			39,501	47,025
Total for federal grantor agency			1,652,918	451,663
Total federal awards expended			$ 1,900,225	$ 721,047

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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 Northwestern Consolidated School District of Shelby County (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 school corporations 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, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	$ 3,444	$ 5,475
National School Lunch Program	10.555	37,263	36,053

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)
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? no

Section II – Financial Statement Findings

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-2 - INTERNAL CONTROL/CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: ARRA - Special Education - Grants to States, Recovery Act
CFDA Number: 84.391
Federal Award Number and Year (or Other Identifying Number): 33310-005-SN01
Pass-Through Entity: Blue River Special Education Cooperative

Amounts received by the School Corporation for the ARRA - Special Education - Grants to States, Recovery Act, were drawn down in advance. School Corporation officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for 9 of the 24 months during the audit period.

34 CFR 80.20 (b)(7) states:

> "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

FINDING 2011-3 - INTERNAL CONTROL/CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 10-7350
Pass-Through Entity: Indiana Department of Education

Amounts received by the School Corporation for Title I, were drawn down in advance during the 2009-2010 school year. School Corporation officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for 6 of the 12 months tested during the audit period.

34 CFR 80.20 (b)(7) states:

> "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

FINDING 2011-4 - INTERNAL CONTROL/REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 10-7350, 11-7350
Pass-Through Entity: Indiana Department of Education

As part of the Title I Grants to Local Educational Agencies grant agreements between the School Corporation and the Indiana Department of Education, the School Corporation is required to submit quarterly reports by the 10th of the month following the end of the quarter. Of the eight quarterly reports due for the audit period, four were not filed timely and the report for the fourth quarter of the 2010-2011 school year was not filed at all.

OMB Circular A-133, Subpart C -- Auditees, § __ Section 300, Auditee responsibilities, states in part:

"The auditee shall: . . .

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

The School Corporation is not in compliance with reporting requirements for the program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that School Corporation officials develop and implement controls to ensure all required reports are prepared and filed on a timely basis.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Northwestern Consolidated
SCHOOLS OF SHELBY COUNTY
Building a Culture of Excellence ..... One Student at a Time.

December 8, 2011

Corrective Action Plan

Finding No. 2011-1
Northwestern Consolidated School District of Shelby County will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, a review of the work being performed by each of the office employees. However, Northwestern Consolidated School District of Shelby County is a small school district and management has determined that the cost associated with employing additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current design of their business office.

Finding No. 2011-2
This Special Education grant has been expended and is no longer an issue.

Finding No. 2011-3
Distribution is a reimbursement process now. This is no longer an issue.

Finding No. 2011-4
The report for the 4th quarter has been filed. Future quarterly reports will be submitted by the 10th of the month.

Sincerely,

Ellen L Welk

Ellen Welk, Ed.D.
Superintendent

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NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2011, with Ellen L. Welk, Superintendent of Schools; Ken Polston, School Board member; and Laura Mullen, Treasurer. The officials concurred with our audit findings.