

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

EXAMINATION REPORT  
OF  
SOUTH NEWTON SCHOOL CORPORATION  
NEWTON COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**

01/16/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marci Hall	07-01-05 to 06-30-08
Superintendent of Schools	Ed Corbin Todd Rudnick	07-01-05 to 06-30-07 07-01-07 to 06-30-08
President of the School Board	Warren Johnson, Jr.	07-01-05 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SOUTH NEWTON SCHOOL CORPORATION,  
NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of South Newton School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 18, 2007

SOUTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Totals	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 3,714,792	\$ -	\$ 62,623	\$ (3,652,169)	
Support services	5,123,093	313,019	190,334	(4,619,740)	
Community services	127,920	-	-	(127,920)	
Nonprogrammed charges	173,945	-	-	(173,945)	
Debt service	1,414,239	-	-	(1,414,239)	
Total governmental activities	\$ 10,553,989	\$ 313,019	\$ 252,957	(9,988,013)	
General receipts:					
Property taxes				5,241,448	
Other local sources				635,568	
State aid				3,404,950	
Grants and contributions not restricted to specific programs				167,819	
Sale of property, adjustments, and refunds				181,922	
Investment earnings				112,539	
Total general receipts				9,744,246	
Change in net assets				(243,767)	
Net assets - beginning				5,289,165	
Net assets - ending				\$ 5,045,398	
<u>Assets</u>					
Cash and investments				\$ 4,518,579	
Restricted assets:					
Cash and investments				526,819	
Total assets				\$ 5,045,398	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 526,819	
Unrestricted				4,518,579	
Total net assets				\$ 5,045,398	

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

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

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,857,169	\$ -	\$ 51,716	\$ (3,805,453)
Support services	5,522,690	290,087	197,336	(5,035,267)
Community services	109,867	-	-	(109,867)
Nonprogrammed charges	105,916	-	-	(105,916)
Debt service	1,294,016	-	-	(1,294,016)
Total governmental activities	\$ 10,889,658	\$ 290,087	\$ 249,052	(10,350,519)
General receipts:				
Property taxes				5,078,102
Other local sources				701,440
State aid				3,646,654
Grants and contributions not restricted to specific programs				190,075
Sale of property, adjustments, and refunds				207,367
Investment earnings				192,765
Total general receipts				10,016,403
Change in net assets				(334,116)
Net assets - beginning				5,045,398
Net assets - ending				\$ 4,711,282
<u>Assets</u>				
Cash and investments				\$ 4,198,650
Restricted assets:				
Cash and investments				512,632
Total assets				\$ 4,711,282
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 512,632
Unrestricted				4,198,650
Total net assets				\$ 4,711,282

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

SOUTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 3,009,948	\$ 679,655	\$ 261,402	\$ 1,064,202	\$ 841,676	\$ 122,265	\$ 321,940	\$ 6,301,088
Intermediate sources	1,151	-	-	-	-	-	337	1,488
State sources	3,447,297	-	3,692	-	-	-	64,308	3,515,297
Federal sources	-	-	161,016	-	-	-	149,412	310,428
Sale of property, adjustments and refunds	169,166	236	1,957	-	-	-	10,562	181,921
Interfund loans	-	58,000	-	-	26,000	44,000	-	128,000
<b>Total receipts</b>	<b>6,627,562</b>	<b>737,891</b>	<b>428,067</b>	<b>1,064,202</b>	<b>867,676</b>	<b>166,265</b>	<b>546,559</b>	<b>10,438,222</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	3,505,929	-	-	-	-	-	208,863	3,714,792
Support services	2,825,173	605,352	382,572	-	1,035,267	117,570	157,159	5,123,093
Community services	127,920	-	-	-	-	-	-	127,920
Nonprogrammed charges	133,036	-	-	-	-	-	40,909	173,945
Debt services	-	-	-	1,045,000	-	-	369,239	1,414,239
Interfund loans	-	44,000	-	26,000	-	58,000	-	128,000
<b>Total disbursements</b>	<b>6,592,058</b>	<b>649,352</b>	<b>382,572</b>	<b>1,071,000</b>	<b>1,035,267</b>	<b>175,570</b>	<b>776,170</b>	<b>10,681,989</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>35,504</b>	<b>88,539</b>	<b>45,495</b>	<b>(6,798)</b>	<b>(167,591)</b>	<b>(9,305)</b>	<b>(229,611)</b>	<b>(243,767)</b>
<b>Other financing sources (uses):</b>								
Transfers in	9,052	-	-	-	-	-	47,928	56,980
Transfers out	(24,071)	(421)	-	(8,948)	(523)	(83)	(22,934)	(56,980)
<b>Total other financing sources (uses)</b>	<b>(15,019)</b>	<b>(421)</b>	<b>-</b>	<b>(8,948)</b>	<b>(523)</b>	<b>(83)</b>	<b>24,994</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>20,485</b>	<b>88,118</b>	<b>45,495</b>	<b>(15,746)</b>	<b>(168,114)</b>	<b>(9,388)</b>	<b>(204,617)</b>	<b>(243,767)</b>
<b>Cash and investments - beginning</b>	<b>2,150,593</b>	<b>816,383</b>	<b>172,928</b>	<b>531,809</b>	<b>1,228,443</b>	<b>63,921</b>	<b>325,088</b>	<b>5,289,165</b>
<b>Cash and investments - ending</b>	<b>\$ 2,171,078</b>	<b>\$ 904,501</b>	<b>\$ 218,423</b>	<b>\$ 516,063</b>	<b>\$ 1,060,329</b>	<b>\$ 54,533</b>	<b>\$ 120,471</b>	<b>\$ 5,045,398</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 2,171,078	\$ 904,501	\$ 218,423	\$ -	\$ 1,060,329	\$ 54,533	\$ 109,715	\$ 4,518,579
Restricted assets:								
Cash and investments	-	-	-	516,063	-	-	10,756	526,819
<b>Total cash and investment assets - ending</b>	<b>\$ 2,171,078</b>	<b>\$ 904,501</b>	<b>\$ 218,423</b>	<b>\$ 516,063</b>	<b>\$ 1,060,329</b>	<b>\$ 54,533</b>	<b>\$ 120,471</b>	<b>\$ 5,045,398</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 516,063	\$ -	\$ -	\$ 10,756	\$ 526,819
Unrestricted	2,171,078	904,501	218,423	-	1,060,329	54,533	109,715	4,518,579
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,171,078</b>	<b>\$ 904,501</b>	<b>\$ 218,423</b>	<b>\$ 516,063</b>	<b>\$ 1,060,329</b>	<b>\$ 54,533</b>	<b>\$ 120,471</b>	<b>\$ 5,045,398</b>

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

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

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 2,984,550	\$ 711,392	\$ 241,087	\$ 1,040,182	\$ 849,176	\$ 124,491	\$ 309,708	\$ 6,260,586
Intermediate sources	1,151	-	-	-	-	-	657	1,808
State sources	3,686,100	-	4,093	-	-	-	65,411	3,755,604
Federal sources	2,434	-	172,614	-	-	-	155,129	330,177
Sale of property, adjustments and refunds	188,182	564	2,821	-	-	-	15,800	207,367
Interfund loans	-	44,000	-	-	-	72,000	-	116,000
<b>Total receipts</b>	<b>6,862,417</b>	<b>755,956</b>	<b>420,615</b>	<b>1,040,182</b>	<b>849,176</b>	<b>196,491</b>	<b>546,705</b>	<b>10,671,542</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	3,678,420	-	-	-	-	-	178,749	3,857,169
Support services	2,917,471	611,575	464,369	-	1,270,047	140,198	119,030	5,522,690
Community services	109,573	-	-	-	-	-	294	109,867
Nonprogrammed charges	63,430	-	-	-	-	-	42,486	105,916
Debt services	-	-	-	1,045,000	-	-	249,016	1,294,016
Interfund loans	-	72,000	-	-	-	44,000	-	116,000
<b>Total disbursements</b>	<b>6,768,894</b>	<b>683,575</b>	<b>464,369</b>	<b>1,045,000</b>	<b>1,270,047</b>	<b>184,198</b>	<b>589,575</b>	<b>11,005,658</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>93,523</b>	<b>72,381</b>	<b>(43,754)</b>	<b>(4,818)</b>	<b>(420,871)</b>	<b>12,293</b>	<b>(42,870)</b>	<b>(334,116)</b>
<b>Other financing sources (uses):</b>								
Transfers in	11	-	-	-	-	-	168,164	168,175
Transfers out	-	(150,000)	-	(12,237)	-	-	(5,938)	(168,175)
<b>Total other financing sources (uses)</b>	<b>11</b>	<b>(150,000)</b>	<b>-</b>	<b>(12,237)</b>	<b>-</b>	<b>-</b>	<b>162,226</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>93,534</b>	<b>(77,619)</b>	<b>(43,754)</b>	<b>(17,055)</b>	<b>(420,871)</b>	<b>12,293</b>	<b>119,356</b>	<b>(334,116)</b>
<b>Cash and investments - beginning</b>	<b>2,171,078</b>	<b>904,501</b>	<b>218,423</b>	<b>516,063</b>	<b>1,060,329</b>	<b>54,533</b>	<b>120,471</b>	<b>5,045,398</b>
<b>Cash and investments - ending</b>	<b>\$ 2,264,612</b>	<b>\$ 826,882</b>	<b>\$ 174,669</b>	<b>\$ 499,008</b>	<b>\$ 639,458</b>	<b>\$ 66,826</b>	<b>\$ 239,827</b>	<b>\$ 4,711,282</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 2,264,612	\$ 826,882	\$ 174,669	\$ -	\$ 639,458	\$ 66,826	\$ 226,203	\$ 4,198,650
Restricted assets:								
Cash and investments	-	-	-	499,008	-	-	13,624	512,632
<b>Total cash and investment assets - ending</b>	<b>\$ 2,264,612</b>	<b>\$ 826,882</b>	<b>\$ 174,669</b>	<b>\$ 499,008</b>	<b>\$ 639,458</b>	<b>\$ 66,826</b>	<b>\$ 239,827</b>	<b>\$ 4,711,282</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 499,008	\$ -	\$ -	\$ 13,624	\$ 512,632
Unrestricted	2,264,612	826,882	174,669	-	639,458	66,826	226,203	4,198,650
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,264,612</b>	<b>\$ 826,882</b>	<b>\$ 174,669</b>	<b>\$ 499,008</b>	<b>\$ 639,458</b>	<b>\$ 66,826</b>	<b>\$ 239,827</b>	<b>\$ 4,711,282</b>

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

SOUTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 763,849	
Deductions:		
Benefits	91,206	
Administrative and general	765,116	
Total deductions	856,322	
Deficiency of total additions over total deductions	(92,473)	
Cash and investment fund balance - beginning	765,116	
Cash and investment fund balance - ending	\$ 672,643	
Net Assets:		
Cash and investments	\$ 672,643	\$ (56)
Total net assets - cash and investment basis held in trust	\$ 672,643	\$ (56)

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

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

	Pension Trust Funds
Additions:	
Investment earnings:	
Interest	\$ 28,970
Deductions:	
Benefits	119,089
Deficiency of total additions over total deductions	(90,119)
Cash and investment fund balance - beginning	672,643
Cash and investment fund balance - ending	\$ 582,524
Net Assets:	
Cash and investments	\$ 582,524
Total net assets - cash and investment basis held in trust	\$ 582,524

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

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school lunch fund accounts for the receipts and disbursements for providing the breakfast and lunch services for students and adults.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

Additionally, the School Corporation reports the following fund types:

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

Agency funds account for assets held by the School Corporation as an agent for employees and other governmental agencies and serve as control accounts for cash transactions during the time they are a liability to the School Corporation.

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005-2006</u>	<u>2006-2007</u>
General Fund	Other governmental	\$ 24,071	\$ -
Transportation Operating	Other governmental	421	150,000
Debt Service	Other governmental	8,948	12,237
Capital Projects	Other governmental	523	-
School Bus Replacement	Other governmental	83	-
Other governmental	General Fund	9,052	11
Other governmental	Other governmental	13,882	5,927
Totals		<u>\$ 56,980</u>	<u>\$ 168,175</u>

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

Note 7. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SOUTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

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

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 8. Subsequent Event

The School Corporation has entered into a Guaranteed Energy Savings Performance contract with Energy Systems Group, LLC. The principal amount of the contract is \$2,025,843 and the first installment payment of \$128,744 is due January of 2008.

SOUTH NEWTON SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 386,494	\$ 479,369	\$ (92,875)	81%	\$ 418,948	(22%)
07-01-05	414,362	601,785	(187,423)	69%	498,335	(38%)
07-01-06	523,640	626,022	(102,382)	84%	474,087	(22%)

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education/ Pre-School	Textbook Rental	Levy Excess	Educational License Plates	Safe Haven Educational Grant	Early Intervention
<b>Receipts:</b>						
Local sources	\$ 7,690	\$ 51,617	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	337	-	-
State sources	22,943	20,427	-	-	2,044	2,500
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	40	422	-	-	-	-
<b>Total receipts</b>	<u>30,673</u>	<u>72,466</u>	<u>-</u>	<u>337</u>	<u>2,044</u>	<u>2,500</u>
<b>Disbursements:</b>						
Current:						
Instruction	7,004	-	-	300	93	2,500
Support services	-	88,519	-	2,250	-	-
Nonprogrammed charges	39,466	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>46,470</u>	<u>88,519</u>	<u>-</u>	<u>2,550</u>	<u>93</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>(15,797)</u>	<u>(16,053)</u>	<u>-</u>	<u>(2,213)</u>	<u>1,951</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	30,499	3,713	-	-	-
Transfers out	(5)	-	(3,783)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(5)</u>	<u>30,499</u>	<u>(70)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(15,802)</u>	<u>14,446</u>	<u>(70)</u>	<u>(2,213)</u>	<u>1,951</u>	<u>-</u>
Cash and investments - beginning	<u>39,997</u>	<u>(15,490)</u>	<u>3,783</u>	<u>3,419</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 24,195</u>	<u>\$ (1,044)</u>	<u>\$ 3,713</u>	<u>\$ 1,206</u>	<u>\$ 1,951</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 24,195	\$ (1,044)	\$ 3,713	\$ 1,206	\$ 1,951	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 24,195</u>	<u>\$ (1,044)</u>	<u>\$ 3,713</u>	<u>\$ 1,206</u>	<u>\$ 1,951</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>24,195</u>	<u>(1,044)</u>	<u>3,713</u>	<u>1,206</u>	<u>1,951</u>	<u>-</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 24,195</u>	<u>\$ (1,044)</u>	<u>\$ 3,713</u>	<u>\$ 1,206</u>	<u>\$ 1,951</u>	<u>\$ -</u>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Washington Township Mini Grant	Gifted/Talented 04-05	Medicaid Reimbursement	Buddy Foundation Program	Buddy Teacher Collaboration	Non-English Speaking Program
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	11,925	2,119	-	-	350
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	10,100	-	-	-	-	-
<b>Total receipts</b>	<b>10,100</b>	<b>11,925</b>	<b>2,119</b>	<b>-</b>	<b>-</b>	<b>350</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	5,527	9,787	-	-	1,000	707
Support services	-	680	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,527</b>	<b>10,467</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>707</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>4,573</b>	<b>1,458</b>	<b>2,119</b>	<b>-</b>	<b>(1,000)</b>	<b>(357)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(5,269)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,269)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>4,573</b>	<b>1,458</b>	<b>(3,150)</b>	<b>-</b>	<b>(1,000)</b>	<b>(357)</b>
Cash and investments - beginning	-	-	3,150	(13,463)	1,000	719
<b>Cash and investments - ending</b>	<b>\$ 4,573</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ (13,463)</b>	<b>\$ -</b>	<b>\$ 362</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 4,573	\$ 1,458	\$ -	\$ (13,463)	\$ -	\$ 362
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 4,573</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ (13,463)</b>	<b>\$ -</b>	<b>\$ 362</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,573	1,458	-	(13,463)	-	362
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,573</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ (13,463)</b>	<b>\$ -</b>	<b>\$ 362</b>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Buddy System Program	Buddy Bridges Grant	In School Academic Improvement Program	Title I 05-06	Title I 05-5995	Title I CSRD Program
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	-	-	-	-	-
Federal sources	-	-	-	97,353	7,800	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>97,353</b>	<b>7,800</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	150	1,000	3,885	76,458	6,825	21,714
Support services	11	-	63	24,387	11,689	24,833
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>161</b>	<b>1,000</b>	<b>3,948</b>	<b>100,845</b>	<b>18,514</b>	<b>46,547</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>839</b>	<b>(1,000)</b>	<b>(3,948)</b>	<b>(3,492)</b>	<b>(10,714)</b>	<b>(46,547)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	13,716	-	-
Transfers out	-	-	-	-	(13,716)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,716</b>	<b>(13,716)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>839</b>	<b>(1,000)</b>	<b>(3,948)</b>	<b>10,224</b>	<b>(24,430)</b>	<b>(46,547)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>1,000</b>	<b>5,006</b>	<b>-</b>	<b>24,430</b>	<b>46,547</b>
<b>Cash and investments - ending</b>	<b>\$ 839</b>	<b>\$ -</b>	<b>\$ 1,058</b>	<b>\$ 10,224</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 839</b>	<b>\$ -</b>	<b>\$ 1,058</b>	<b>\$ 10,224</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 839</b>	<b>\$ -</b>	<b>\$ 1,058</b>	<b>\$ 10,224</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	839	-	1,058	10,224	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 839</b>	<b>\$ -</b>	<b>\$ 1,058</b>	<b>\$ 10,224</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title V 03-04	Title V 04-05	Title V 05-06	Project Wet Grant	Jump Kids Jump	Drug Free Schools 03-146
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 1,000	\$ 500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	3,272	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,272</b>	<b>1,000</b>	<b>500</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	347	4,926	2,153	1,000	500	-
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,443
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>347</b>	<b>4,926</b>	<b>2,153</b>	<b>1,000</b>	<b>500</b>	<b>1,443</b>
Excess (deficiency) of receipts over disbursements	(347)	(4,926)	1,119	-	-	(1,443)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(347)	(4,926)	1,119	-	-	(1,443)
Cash and investments - beginning	347	4,926	-	-	-	1,443
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 1,119	\$ -	\$ -	\$ -
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,119</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	1,119	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,119</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Drug Free Schools 04-102	Drug Free Schools 05-06	Biotech Grant 597	Medicaid Reimbursement	Family Preservation and Support	Biotech Grant 679
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,141	2,300	3,080	-	5,700
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>4,141</b>	<b>2,300</b>	<b>3,080</b>	<b>-</b>	<b>5,700</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,366	660	2,300	597	4,519	5,700
Support services	228	-	-	-	440	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,594</b>	<b>660</b>	<b>2,300</b>	<b>597</b>	<b>4,959</b>	<b>5,700</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(4,594)</b>	<b>3,481</b>	<b>-</b>	<b>2,483</b>	<b>(4,959)</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(4,594)</b>	<b>3,481</b>	<b>-</b>	<b>2,483</b>	<b>(4,959)</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>4,594</b>	<b>-</b>	<b>-</b>	<b>37,429</b>	<b>4,959</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 3,481</b>	<b>\$ -</b>	<b>\$ 39,912</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 3,481	\$ -	\$ 39,912	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 3,481</b>	<b>\$ -</b>	<b>\$ 39,912</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,481	-	39,912	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 3,481</b>	<b>\$ -</b>	<b>\$ 39,912</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	HSTW 2005 Conference Program	Title II Education Act	Title II 06-07	Title II 04-05	Title III	Title III Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	-	-	-	-	-
Federal sources	-	22,027	-	-	1,618	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,000</b>	<b>22,027</b>	<b>-</b>	<b>-</b>	<b>1,618</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,000	1,286	3,821	31,149	1,618	745
Support services	-	17	31	3,753	-	47
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,000</b>	<b>1,303</b>	<b>3,852</b>	<b>34,902</b>	<b>1,618</b>	<b>792</b>
Excess (deficiency) of receipts over disbursements	-	20,724	(3,852)	(34,902)	-	(792)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	20,724	(3,852)	(34,902)	-	(792)
Cash and investments - beginning	-	-	3,852	43,865	-	792
Cash and investments - ending	<u>\$ -</u>	<u>\$ 20,724</u>	<u>\$ -</u>	<u>\$ 8,963</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 20,724	\$ -	\$ 8,963	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 20,724</u>	<u>\$ -</u>	<u>\$ 8,963</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	20,724	-	8,963	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 20,724</u>	<u>\$ -</u>	<u>\$ 8,963</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title II Part D 04-05	Title II Part D 05-06	Title II Part D 06-07	Retirement/ Severance Bond	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 261,133	\$ 321,940
Intermediate sources	-	-	-	-	337
State sources	-	-	-	-	64,308
Federal sources	-	-	2,121	-	149,412
Sale of property, adjustments and refunds	-	-	-	-	10,562
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>2,121</b>	<b>261,133</b>	<b>546,559</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	1,576	2,155	1,495	-	208,863
Support services	-	29	182	-	157,159
Nonprogrammed charges	-	-	-	-	40,909
Debt services	-	-	-	369,239	369,239
<b>Total disbursements</b>	<b>1,576</b>	<b>2,184</b>	<b>1,677</b>	<b>369,239</b>	<b>776,170</b>
Excess (deficiency) of receipts over disbursements	(1,576)	(2,184)	444	(108,106)	(229,611)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	47,928
Transfers out	-	-	-	(161)	(22,934)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161)</b>	<b>24,994</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,576)	(2,184)	444	(108,267)	(204,617)
Cash and investments - beginning	1,576	2,184	-	119,023	325,088
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 10,756</u>	<u>\$ 120,471</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ 444	\$ -	\$ 109,715
Restricted assets:					
Cash and investments	-	-	-	10,756	10,756
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 10,756</u>	<u>\$ 120,471</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 10,756	\$ 10,756
Unrestricted	-	-	444	-	109,715
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 10,756</u>	<u>\$ 120,471</u>

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

	Special Education/ Pre-School	Rainy Day	Textbook Rental	Levy Excess	Educational License Plates	Safe Haven Educational Grant	Early Intervention
<b>Receipts:</b>							
Local sources	\$ 7,074	\$ -	\$ 49,000	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	657	-	-
State sources	31,178	-	18,141	-	-	-	1,500
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	10	-	534	-	-	-	-
<b>Total receipts</b>	<b>38,262</b>	<b>-</b>	<b>67,675</b>	<b>-</b>	<b>657</b>	<b>-</b>	<b>1,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	5,899	-	-	-	-	1,951	1,500
Support services	-	-	78,571	-	657	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	42,486	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>48,385</b>	<b>-</b>	<b>78,571</b>	<b>-</b>	<b>657</b>	<b>1,951</b>	<b>1,500</b>
Excess (deficiency) of receipts over disbursements	(10,123)	-	(10,896)	-	-	(1,951)	-
<b>Other financing sources (uses):</b>							
Transfers in	-	150,000	12,237	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>150,000</b>	<b>12,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,123)	150,000	1,341	-	-	(1,951)	-
Cash and investments - beginning	24,195	-	(1,044)	3,713	1,206	1,951	-
Cash and investments - ending	\$ 14,072	\$ 150,000	\$ 297	\$ 3,713	\$ 1,206	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 14,072	\$ 150,000	\$ 297	\$ 3,713	\$ 1,206	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 14,072</b>	<b>\$ 150,000</b>	<b>\$ 297</b>	<b>\$ 3,713</b>	<b>\$ 1,206</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	14,072	150,000	297	3,713	1,206	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 14,072</b>	<b>\$ 150,000</b>	<b>\$ 297</b>	<b>\$ 3,713</b>	<b>\$ 1,206</b>	<b>\$ -</b>	<b>\$ -</b>

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

	Washington Township Mini Grant	Gifted and Talented 04-05	Internet Consortium	Medicaid Reimbursement	Buddy Foundation Program	Non-English Speaking Program	Buddy System Program
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	11,925	-	22	-	645	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	15,200	-	56	-	-
<b>Total receipts</b>	<b>-</b>	<b>11,925</b>	<b>15,200</b>	<b>22</b>	<b>56</b>	<b>645</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,250	10,666	15,200	-	-	-	839
Support services	-	681	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,250</b>	<b>11,347</b>	<b>15,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>839</b>
Excess (deficiency) of receipts over disbursements	(4,250)	578	-	22	56	645	(839)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(11)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,250)	578	-	11	56	645	(839)
Cash and investments - beginning	4,573	1,458	-	-	(13,463)	362	839
Cash and investments - ending	\$ 323	\$ 2,036	\$ -	\$ 11	\$ (13,407)	\$ 1,007	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 323	\$ 2,036	\$ -	\$ 11	\$ (13,407)	\$ 1,007	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 323</b>	<b>\$ 2,036</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ (13,407)</b>	<b>\$ 1,007</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	323	2,036	-	11	(13,407)	1,007	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 323</b>	<b>\$ 2,036</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ (13,407)</b>	<b>\$ 1,007</b>	<b>\$ -</b>

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

	In School Academic Improvement Program	Title I 05-06	Title I 06-07	Title I School Improvement	Title V Part A FY 06	Title V 2005-06 05-102
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	86,633	23,806	1,606	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>86,633</b>	<b>23,806</b>	<b>1,606</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,058	2,998	72,274	-	-	1,119
Support services	-	1,299	16,830	18,374	-	-
Community services	-	-	-	294	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,058</b>	<b>4,297</b>	<b>89,104</b>	<b>18,668</b>	<b>-</b>	<b>1,119</b>
Excess (deficiency) of receipts over disbursements	(1,058)	(4,297)	(2,471)	5,138	1,606	(1,119)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	5,927	-	-	-
Transfers out	-	(5,927)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(5,927)</b>	<b>5,927</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,058)	(10,224)	3,456	5,138	1,606	(1,119)
Cash and investments - beginning	1,058	10,224	-	-	-	1,119
Cash and investments - ending	\$ -	\$ -	\$ 3,456	\$ 5,138	\$ 1,606	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 3,456	\$ 5,138	\$ 1,606	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,456</b>	<b>\$ 5,138</b>	<b>\$ 1,606</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	3,456	5,138	1,606	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,456</b>	<b>\$ 5,138</b>	<b>\$ 1,606</b>	<b>\$ -</b>

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

	NWISWD Grant	Drug Free Schools 06-07	Drug Free Schools 05-06	Tech Prep Mini Grant	Medicaid Reimbursement	Title II Part A Education Act.
<b>Receipts:</b>						
Local sources	\$ 1,750	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	2,000	-	-
Federal sources	-	3,179	-	-	32	22,027
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,750</b>	<b>3,179</b>	<b>-</b>	<b>2,000</b>	<b>32</b>	<b>22,027</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,750	880	3,481	2,000	-	34,736
Support services	-	-	-	-	-	2,618
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,750</b>	<b>880</b>	<b>3,481</b>	<b>2,000</b>	<b>-</b>	<b>37,354</b>
Excess (deficiency) of receipts over disbursements	-	2,299	(3,481)	-	32	(15,327)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,299	(3,481)	-	32	(15,327)
Cash and investments - beginning	-	-	3,481	-	39,912	20,724
Cash and investments - ending	\$ -	\$ 2,299	\$ -	\$ -	\$ 39,944	\$ 5,397
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 2,299	\$ -	\$ -	\$ 39,944	\$ 5,397
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,299</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,944</b>	<b>\$ 5,397</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,299	-	-	39,944	5,397
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,299</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,944</b>	<b>\$ 5,397</b>

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

	Title II Part A 06-07	Title II Part A 05-06	Title III Part A PL 107-110	Title II Part D 06-07 Technology	Retirement/ Severance Bond Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 251,884	\$ 309,708
Intermediate sources	-	-	-	-	-	657
State sources	-	-	-	-	-	65,411
Federal sources	13,244	-	4,602	-	-	155,129
Sale of property, adjustments and refunds	-	-	-	-	-	15,800
<b>Total receipts</b>	<b>13,244</b>	<b>-</b>	<b>4,602</b>	<b>-</b>	<b>251,884</b>	<b>546,705</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,139	8,963	4,602	444	-	178,749
Support services	-	-	-	-	-	119,030
Community services	-	-	-	-	-	294
Nonprogrammed charges	-	-	-	-	-	42,486
Debt services	-	-	-	-	249,016	249,016
<b>Total disbursements</b>	<b>4,139</b>	<b>8,963</b>	<b>4,602</b>	<b>444</b>	<b>249,016</b>	<b>589,575</b>
Excess (deficiency) of receipts over disbursements	9,105	(8,963)	-	(444)	2,868	(42,870)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	168,164
Transfers out	-	-	-	-	-	(5,938)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162,226</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,105	(8,963)	-	(444)	2,868	119,356
Cash and investments - beginning	-	8,963	-	444	10,756	120,471
Cash and investments - ending	\$ 9,105	\$ -	\$ -	\$ -	\$ 13,624	\$ 239,827
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 9,105	\$ -	\$ -	\$ -	\$ -	\$ 226,203
Restricted assets:						
Cash and investments	-	-	-	-	13,624	13,624
<b>Total cash and investment assets - ending</b>	<b>\$ 9,105</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,624</b>	<b>\$ 239,827</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 13,624	\$ 13,624
Unrestricted	9,105	-	-	-	-	226,203
<b>Total cash and investment fund balance - ending</b>	<b>\$ 9,105</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,624</b>	<b>\$ 239,827</b>

SOUTH NEWTON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings and Fixtures	\$ 7,105,000	\$ 1,045,000
Notes and loans payable:		
Interfund loan	72,000	72,000
Cooperative Joint Service Loan (by agreement School Corporaion's share of debt on Co-op's new facility)	116,298	11,094
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2004	<u>1,880,000</u>	<u>122,442</u>
Total governmental activities debt	<u>\$ 9,173,298</u>	<u>\$ 1,250,536</u>

SOUTH NEWTON SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

The Buddy Foundation Program Fund was overdrawn in 2005-2006 school year for \$13,463 and 2006-2007 school year for \$13,407. The Buddy Foundation Program Fund has been overdrawn in prior fiscal years of 2003-2004 and 2004-2005. The Textbook Rental Fund was overdrawn in 2005-2006 school year for \$1,044.

The balance of any fund may not be 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 Indiana Public School Corporations, Chapter 9)

SOUTH NEWTON SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2007, with Marci Hall, Treasurer; and Todd Rudnick, Superintendent of Schools. The officials concurred with our findings.