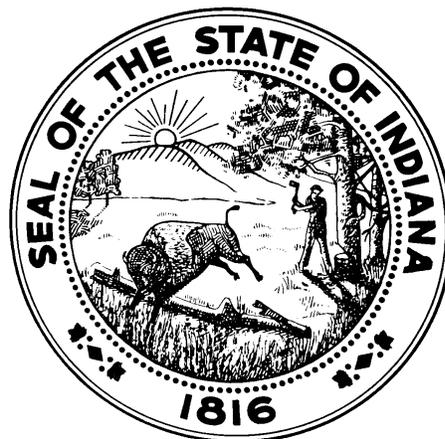


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
NEW COMMUNITY SCHOOL
TIPPECANOE 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>
Director of Finance and Operations	Daniel Beaver	07-01-05 to 06-30-08
Executive Director	Eileen H. Steele	07-01-07 to 06-30-08
President of the School Board	Jeffrey M. Smith	07-01-05 to 06-30-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEW COMMUNITY SCHOOL, TIPPECANOE COUNTY, INDIANA

We have examined the financial information presented herein of New Community School (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 presents 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.

STATE BOARD OF ACCOUNTS

November 15, 2007

NEW COMMUNITY SCHOOL
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets Totals
Governmental activities:			
Instruction	\$ 188,166	\$ 4,016	\$ (184,150)
Support services	270,066	-	(270,066)
Community services	11,556	-	(11,556)
Total governmental activities	\$ 469,788	\$ 4,016	(465,772)
General receipts:			
Property taxes			59,397
Other local sources			12,067
State aid			278,729
Grants and contributions not restricted to specific programs			35,960
Sale of property, adjustments, and refunds			436
Investment earnings			1,465
Total general receipts			388,054
Change in net assets			(77,718)
Net assets - beginning			93,857
Net assets - ending			\$ 16,139
<u>Assets</u>			
Cash and investments			\$ 16,139
<u>Net Assets</u>			
Total net assets			\$ 16,139

The accompanying notes are an integral part of the financial information.

NEW COMMUNITY SCHOOL
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets Totals
Governmental activities:			
Instruction	\$ 220,924	\$ 4,095	\$ (216,829)
Support services	295,887	-	(295,887)
Community services	6,600	-	(6,600)
Total governmental activities	\$ 523,411	\$ 4,095	(519,316)
General receipts:			
Property taxes			124,174
Other local sources			77,746
State aid			308,256
Bonds and loans			38,000
Sale of property, adjustments, and refunds			5,700
Investment earnings			1,346
Total general receipts			555,222
Change in net assets			35,906
Net assets - beginning			16,139
Net assets - ending			\$ 52,045
<u>Assets</u>			
Cash and investments			\$ 52,045
<u>Net Assets</u>			
Unrestricted			\$ 52,045

The accompanying notes are an integral part of the financial information.

NEW COMMUNITY SCHOOL
SCHEDULE 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	Textbook	Donations and Gifts	Charter School Program	Other	Totals
Receipts:						
Local sources	\$ 72,930	\$ -	\$ -	\$ -	\$ -	\$ 72,930
State sources	282,744	-	-	-	-	282,744
Federal sources	-	-	-	35,960	-	35,960
Sale of property, adjustments and refunds	436	-	-	-	-	436
Total receipts	356,110	-	-	35,960	-	392,070
Disbursements:						
Current:						
Instruction	172,832	-	-	15,334	-	188,166
Support services	228,152	-	-	41,914	-	270,066
Community services	8,737	-	-	2,819	-	11,556
Total disbursements	409,721	-	-	60,067	-	469,788
Excess (deficiency) of receipts over disbursements	(53,611)	-	-	(24,107)	-	(77,718)
Cash and investments - beginning	52,822	2,540	9,126	28,447	922	93,857
Cash and investments - ending	\$ (789)	\$ 2,540	\$ 9,126	\$ 4,340	\$ 922	\$ 16,139
Net assets of governmental activities						<u>\$ 16,139</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (789)	\$ 2,540	\$ 9,126	\$ 4,340	\$ 922	\$ 16,139
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ (789)	\$ 2,540	\$ 9,126	\$ 4,340	\$ 922	\$ 16,139

The accompanying notes are an integral part of the financial information.

NEW COMMUNITY SCHOOL
SCHEDULE 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	Textbook	Donations and Gifts	Charter School Program	Other	Totals
Receipts:						
Local sources	\$ 143,266	\$ -	\$ 60,000	\$ -	\$ -	\$ 203,266
State sources	312,351	-	-	-	-	312,351
Bonds and loans	38,000	-	-	-	-	38,000
Sale of property, adjustments and refunds	5,700	-	-	-	-	5,700
Total receipts	499,317	-	60,000	-	-	559,317
Disbursements:						
Current:						
Instruction	217,926	-	-	2,998	-	220,924
Support services	288,345	-	7,542	-	-	295,887
Community services	6,600	-	-	-	-	6,600
Total disbursements	512,871	-	7,542	2,998	-	523,411
Excess (deficiency) of receipts over disbursements	(13,554)	-	52,458	(2,998)	-	35,906
Cash and investments - beginning	(789)	2,540	9,126	4,340	922	16,139
Cash and investments - ending	<u>\$ (14,343)</u>	<u>\$ 2,540</u>	<u>\$ 61,584</u>	<u>\$ 1,342</u>	<u>\$ 922</u>	<u>\$ 52,045</u>
Net assets of governmental activities						<u>\$ 52,045</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (14,343)</u>	<u>\$ 2,540</u>	<u>\$ 61,584</u>	<u>\$ 1,342</u>	<u>\$ 922</u>	<u>\$ 52,045</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (14,343)</u>	<u>\$ 2,540</u>	<u>\$ 61,584</u>	<u>\$ 1,342</u>	<u>\$ 922</u>	<u>\$ 52,045</u>

The accompanying notes are an integral part of the financial information.

NEW COMMUNITY SCHOOL
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 Information

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets - Cash and Investment Basis 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, inter-governmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules 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 schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

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 textbook fund accounts for the purchase of textbooks.

The donations and gift fund accounts donations from private individuals and organizations.

The charter school program fund accounts for charter school start up funds received from the federal government.

NEW COMMUNITY SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial schedules 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 schedules.

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

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

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.

Note 3. Property Taxes

Normally 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 4. 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.

NEW COMMUNITY SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Pension Plans

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.

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:

NEW COMMUNITY SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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 6. Long-Term Debt

The School Corporation obtained a Common School Fund Charter School Advancement Loan. Repayment of the loan will be made in six semiannual installments at an interest rate of 1% beginning January 1, 2008. The amount payable at June 30, 2007, was \$38,000.

NEW COMMUNITY SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2007, with Daniel Beaver, Director of Finance and Operations; Eileen H. Steele, Executive Director; and Jeffrey M. Smith, President of the School Board. Our examination disclosed no material items that warrant comment at this time.