

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, 2007 to June 30, 2009



FILED
06/11/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedule of Activities and Net Assets - Cash and Investment Basis	4-5
Fund Financial Information:	
Governmental Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis – Governmental Funds	6-7
Notes to Financial Information	8-11
Required Supplementary Information:	
Schedule of Funding Progress	12
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis - Other Governmental Funds	13-14
Schedule of Long-Term Debt	15
Exit Conference.....	16

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance and Operations	Daniel Beaver	07-01-07 to 06-30-10
Executive Director	Eileen Steele	07-01-07 to 06-30-10
President of the School Board	Jeffery Smith Jennifer Lahr Barry Rubin	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2007 to June 30, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial information but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not examine the information and express no opinion on it.

Our examination was conducted for the purpose of forming opinions on the financial information that collectively comprise the School Corporation's basic financial information. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules, as listed in the Table of Contents, have been subjected to the examination procedures applied in the examination of the basic financial information and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The Schedule of Long-Term Debt has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 10, 2010

NEW COMMUNITY SCHOOL
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

Functions/Programs	Disbursements	Program Receipts		Totals
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 402,411	\$ -	\$ 15,615	\$ (386,796)
Support services	294,703	38,818	1,408	(254,477)
Noninstructional services	4,796	-	-	(4,796)
Facilities acquisition and construction	96,408	-	-	(96,408)
Debt service	15,795	-	-	(15,795)
Total governmental activities	\$ 814,113	\$ 38,818	\$ 17,023	(758,272)
General receipts:				
Property taxes				148,406
Other local sources				75,519
State aid				375,044
Bonds and loans				169,729
Investment earnings				986
Total general receipts				769,684
Change in net assets				11,412
Net assets - beginning				52,045
Net assets - ending				\$ 63,457
 <u>Assets</u>				
Cash and investments				\$ 63,457
Total assets				\$ 63,457
 <u>Net Assets</u>				
Unrestricted				\$ 63,457
Total net assets				\$ 63,457

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, 2009

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 563,182	\$ -	\$ 33,409	\$ (529,773)
Support services	342,355	54,421	1,700	(286,234)
Noninstructional services	3,379	-	-	(3,379)
Facilities acquisition and construction	173,542	-	-	(173,542)
Debt service	161,506	-	-	(161,506)
Total governmental activities	\$ 1,243,964	\$ 54,421	\$ 35,109	(1,154,434)
General receipts:				
Property taxes				179,822
Other local sources				75,414
State aid				564,797
Bonds and loans				255,106
Grants and contributions not restricted to specific programs				70,937
Investment earnings				324
Total general receipts				1,146,400
Change in net assets				(8,034)
Net assets - beginning				63,457
Net assets - ending				\$ 55,423
<u>Assets</u>				
Cash and investments				\$ 55,423
Total assets				\$ 55,423
<u>Net Assets</u>				
Unrestricted				\$ 55,423
Total net assets				\$ 55,423

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, 2008

	General	Textbook	Donations and Gifts	Other	Totals
Receipts:					
Local sources	\$ 212,213	\$ -	\$ 51,515	\$ -	\$ 263,728
State sources	390,659	1,409	-	-	392,068
Temporary loans	108,356	-	-	-	108,356
 Total receipts	 711,228	 1,409	 51,515	 -	 764,152
Disbursements:					
Current:					
Instruction	388,594	-	13,817	-	402,411
Support services	282,562	-	11,219	922	294,703
Noninstructional services	4,796	-	-	-	4,796
Facilities acquisition and construction	64,694	-	30,372	1,342	96,408
Debt services	15,795	-	-	-	15,795
 Total disbursements	 756,441	 -	 55,408	 2,264	 814,113
Excess (deficiency) of receipts over disbursements	(45,213)	1,409	(3,893)	(2,264)	(49,961)
Other financing sources (uses):					
Proceeds of long-term debt	61,373	-	-	-	61,373
Transfers in	83,635	-	-	-	83,635
Transfers out	(83,635)	-	-	-	(83,635)
 Total other financing sources (uses)	 61,373	 -	 -	 -	 61,373
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,160	1,409	(3,893)	(2,264)	11,412
Cash and investments - beginning	(14,343)	2,540	61,584	2,264	52,045
Cash and investments - ending	\$ 1,817	\$ 3,949	\$ 57,691	\$ -	\$ 63,457
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,817	\$ 3,949	\$ 57,691	\$ -	\$ 63,457
Total cash and investment assets - ending	\$ 1,817	\$ 3,949	\$ 57,691	\$ -	\$ 63,457
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ 1,817	\$ 3,949	\$ 57,691	\$ -	\$ 63,457
Total cash and investment fund balance - ending	\$ 1,817	\$ 3,949	\$ 57,691	\$ -	\$ 63,457

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, 2009

	General	Textbook	Donations and Gifts	Other	Totals
Receipts:					
Local sources	\$ 302,943	\$ -	\$ 7,000	\$ -	\$ 309,943
Intermediate sources	38	-	-	-	38
State sources	598,206	1,700	-	-	599,906
Federal sources	-	-	-	70,937	70,937
Temporary loans	105,000	-	-	-	105,000
Total receipts	1,006,187	1,700	7,000	70,937	1,085,824
Disbursements:					
Current:					
Instruction	512,608	2,516	17,226	30,832	563,182
Support services	341,384	-	971	-	342,355
Noninstructional services	3,379	-	-	-	3,379
Facilities acquisition and construction	91,497	-	41,940	40,105	173,542
Debt services	161,506	-	-	-	161,506
Total disbursements	1,110,374	2,516	60,137	70,937	1,243,964
Excess (deficiency) of receipts over disbursements	(104,187)	(816)	(53,137)	-	(158,140)
Other financing sources (uses):					
Proceeds of long-term debt	150,106	-	-	-	150,106
Transfers in	508,968	-	-	-	508,968
Transfers out	(508,968)	-	-	-	(508,968)
Total other financing sources (uses)	150,106	-	-	-	150,106
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,919	(816)	(53,137)	-	(8,034)
Cash and investments - beginning	1,818	3,948	57,691	-	63,457
Cash and investments - ending	<u>\$ 47,737</u>	<u>\$ 3,132</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 55,423</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 47,737	\$ 3,132	\$ 4,554	\$ -	\$ 55,423
Total cash and investment assets - ending	<u>\$ 47,737</u>	<u>\$ 3,132</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 55,423</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	47,737	3,132	4,554	-	55,423
Total cash and investment fund balance - ending	<u>\$ 47,737</u>	<u>\$ 3,132</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 55,423</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, intergovernmental 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 books.

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

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.

NEW COMMUNITY SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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 normally be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. However for the calendar year 2007, the installments were due May 31 and November 13. Property taxes collected in 2007 were not all distributed by December 31, 2007. For the calendar year 2008, all property taxes were due in one installment December 1, 2008. Property taxes collected in 2008 were not all distributed by December 31, 2008. Also there was no May 2009 collection.

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.

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.

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. Subsequent Event

In November 2009, the School acquired another Common School Loan Advancement for \$114,553 at a rate of 4% with semiannual payments over twenty years. The first payment is scheduled for January 1, 2011.

NEW COMMUNITY SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 5,665	\$ 3,848	\$ 1,817	147%	\$ 29,921	6%
07-01-07	8,139	2,704	5,435	301%	21,135	26%
07-01-08	14,195	9,947	4,248	143%	71,956	6%

NEW COMMUNITY SCHOOL
 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, 2008

	Title II	Title V	Totals
Disbursements:			
Current:			
Support services	\$ 922	\$ -	\$ 922
Facilities acquisition and construction	-	1,342	1,342
Total disbursements	922	1,342	2,264
Excess (deficiency) of receipts over disbursements	(922)	(1,342)	(2,264)
Cash and investments - beginning	922	1,342	2,264
Cash and investments - ending	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-
Restricted assets:			
Cash and investments	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Debt service	\$ -	\$ -	\$ -
Other purposes	-	-	-
Unrestricted	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -

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

NEW COMMUNITY SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Fiscal Stabilization	Totals
Receipts:		
Federal sources	\$ 70,937	\$ 70,937
Disbursements:		
Current:		
Instruction	30,832	30,832
Facilities acquisition and construction	40,105	40,105
Total disbursements	70,937	70,937
Excess (deficiency) of receipts over disbursements	-	-
Cash and investments - beginning	-	-
Cash and investments - ending	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>		
Cash and investments	\$ -	\$ -
Cash with fiscal agent	-	-
Restricted assets:		
Cash and investments	-	-
Total cash and investment assets - ending	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>		
Restricted for:		
Debt service	\$ -	\$ -
Other purposes	-	-
Unrestricted	-	-
Total cash and investment fund balance - ending	\$ -	\$ -

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

NEW COMMUNITY SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2002

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Common School Loans	\$ <u>238,032</u>	\$ <u>21,525</u>

NEW COMMUNITY SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2010, with Daniel Beaver, Director of Finance and Operations; and Barry Rubin, President of the School Board. Our examination disclosed no material items that warrant comment at this time.