

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

AUDIT REPORT  
OF  
NORTH NEWTON SCHOOL CORPORATION  
NEWTON COUNTY, INDIANA  
July 1, 2008 to June 30, 2010



**FILED**  
02/08/2011



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Zackfia	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Terry E. Barker Brian Smith	07-01-08 to 06-30-09 07-01-09 to 06-30-11
President of the School Board	Nathan Gibson	07-01-08 to 06-30-11



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Newton School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 9, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress is not a required part of the basic financial statements 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 audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis, Schedule of Contributions from the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 9, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Newton School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 9, 2010

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,849,868	\$ -	\$ 86,360	\$ (6,763,508)
Support services	5,157,417	422,779	305,943	(4,428,695)
Noninstructional services	697,808	-	-	(697,808)
Facilities acquisition and construction	644,919	-	-	(644,919)
Debt service	3,583,888	-	-	(3,583,888)
Nonprogrammed charges	<u>521,222</u>	<u>-</u>	<u>-</u>	<u>(521,222)</u>
Total governmental activities	<u>\$ 17,455,122</u>	<u>\$ 422,779</u>	<u>\$ 392,303</u>	<u>(16,640,040)</u>
General receipts:				
Property taxes				6,777,903
Other local sources				5,795,881
State aid				6,919,460
Bonds and loans				424,956
Grants and contributions not restricted to specific programs				1,205,987
Sale of property				2,754
Investment earnings				48,979
Other				<u>61,145</u>
Total general receipts				<u>21,237,065</u>
Change in net assets				4,597,025
Net assets - beginning				<u>2,614,106</u>
Net assets - ending				<u>\$ 7,211,131</u>
<u>Assets</u>				
Cash and investments				\$ 7,131,929
Restricted assets:				
Cash and investments				<u>79,202</u>
Total assets				<u>\$ 7,211,131</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 78,333
Other purposes				869
Unrestricted				<u>7,131,929</u>
Total net assets				<u>\$ 7,211,131</u>

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,919,573	\$ -	\$ 152,070	\$ (6,767,503)
Support services	5,125,802	391,840	393,775	(4,340,187)
Noninstructional services	717,390	-	-	(717,390)
Facilities acquisition and construction	1,299,782	-	-	(1,299,782)
Debt service	1,611,273	-	-	(1,611,273)
Nonprogrammed charges	160,411	-	-	(160,411)
Total governmental activities	<u>\$ 15,834,231</u>	<u>\$ 391,840</u>	<u>\$ 545,845</u>	<u>(14,896,546)</u>
General receipts:				
Property taxes				5,513,349
Other local sources				997,916
State aid				9,163,851
Grants and contributions not restricted to specific programs				1,042,357
Sale of property				4,424
Investment earnings				52,631
Other				48,832
Total general receipts				<u>16,823,360</u>
Change in net assets				1,926,814
Net assets - beginning				<u>7,211,131</u>
Net assets - ending				<u>\$ 9,137,945</u>
<u>Assets</u>				
Cash and investments				\$ 8,146,391
Restricted assets:				
Cash and investments				<u>991,554</u>
Total assets				<u>\$ 9,137,945</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 990,516
Other purpose				1,038
Unrestricted				<u>8,146,391</u>
Total net assets				<u>\$ 9,137,945</u>

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

NORTH 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, 2009

	General	Transportation Operating	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 4,076,762	\$ 1,141,080	\$ 730,011	\$ 1,335,113	\$ 4,250,491	\$ 1,498,300	\$ 13,031,757
Intermediate sources	13,317	-	-	-	-	469	13,786
State sources	6,999,074	-	-	-	-	116,781	7,115,855
Federal sources	-	-	-	-	-	1,401,897	1,401,897
Temporary loans	-	-	-	424,956	-	-	424,956
Interfund loans	-	-	-	300,000	-	300,000	600,000
Other	38,377	22,369	-	-	-	399	61,145
<b>Total receipts</b>	<b>11,127,530</b>	<b>1,163,449</b>	<b>730,011</b>	<b>2,060,069</b>	<b>4,250,491</b>	<b>3,317,846</b>	<b>22,649,396</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	6,166,149	-	-	-	-	683,720	6,849,869
Support services	2,897,814	968,709	-	620,776	-	670,118	5,157,417
Noninstructional services	130,083	-	-	-	-	567,726	697,809
Facilities acquisition and construction	-	66,679	-	536,367	32,644	9,229	644,919
Debt services	1,699,295	-	690,628	896,205	-	297,760	3,583,888
Nonprogrammed charges	77,364	-	-	-	-	46,948	124,312
Interfund loans	-	-	-	300,000	-	300,000	600,000
<b>Total disbursements</b>	<b>10,970,705</b>	<b>1,035,388</b>	<b>690,628</b>	<b>2,353,348</b>	<b>32,644</b>	<b>2,575,501</b>	<b>17,658,214</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>156,825</b>	<b>128,061</b>	<b>39,383</b>	<b>(293,279)</b>	<b>4,217,847</b>	<b>742,345</b>	<b>4,991,182</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	1,054	-	1,700	2,754
Transfers in	4,035	-	-	-	-	255,875	259,910
Transfers out	(111,765)	-	-	-	-	(148,145)	(259,910)
<b>Total other financing sources (uses)</b>	<b>(107,730)</b>	<b>-</b>	<b>-</b>	<b>1,054</b>	<b>-</b>	<b>109,430</b>	<b>2,754</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>49,095</b>	<b>128,061</b>	<b>39,383</b>	<b>(292,225)</b>	<b>4,217,847</b>	<b>851,775</b>	<b>4,993,936</b>
Cash and investments - beginning	689,876	231,442	33,217	599,633	-	662,158	2,216,326
Cash and investments - ending	<u>\$ 738,971</u>	<u>\$ 359,503</u>	<u>\$ 72,600</u>	<u>\$ 307,408</u>	<u>\$ 4,217,847</u>	<u>\$ 1,513,933</u>	7,210,262
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>869</u>
Net assets of governmental activities							<u>\$ 7,211,131</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 738,971	\$ 359,503	\$ -	\$ 307,408	\$ 4,217,847	\$ 1,508,200	\$ 7,131,929
Restricted assets:							
Cash and investments	-	-	72,600	-	-	5,733	78,333
<b>Total cash and investment assets - ending</b>	<u>\$ 738,971</u>	<u>\$ 359,503</u>	<u>\$ 72,600</u>	<u>\$ 307,408</u>	<u>\$ 4,217,847</u>	<u>\$ 1,513,933</u>	<u>\$ 7,210,262</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	-	-	72,600	-	-	5,733	78,333
Unrestricted	738,971	359,503	-	307,408	4,217,847	1,508,200	7,131,929
<b>Total cash and investment fund balance - ending</b>	<u>\$ 738,971</u>	<u>\$ 359,503</u>	<u>\$ 72,600</u>	<u>\$ 307,408</u>	<u>\$ 4,217,847</u>	<u>\$ 1,513,933</u>	<u>\$ 7,210,262</u>

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

NORTH 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, 2010

	General	Transportation Operating	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 233,247	\$ 1,744,268	\$ 1,853,898	\$ 1,824,711	\$ 13,939	\$ 1,272,227	\$ 6,942,290
Intermediate sources	13,317	-	-	-	-	131	13,448
State sources	9,315,921	-	-	-	-	92,883	9,408,804
Federal sources	-	-	-	-	-	1,343,248	1,343,248
Other	46,926	1,504	-	-	-	400	48,830
<b>Total receipts</b>	<b>9,609,411</b>	<b>1,745,772</b>	<b>1,853,898</b>	<b>1,824,711</b>	<b>13,939</b>	<b>2,708,889</b>	<b>17,756,620</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	5,665,405	-	-	-	-	1,254,168	6,919,573
Support services	2,832,870	995,158	-	650,666	-	647,107	5,125,801
Noninstructional services	134,380	-	-	-	-	583,010	717,390
Facilities acquisition and construction	-	52,539	-	399,090	821,674	26,479	1,299,782
Debt services	-	-	885,890	424,956	-	300,427	1,611,273
Nonprogrammed charges	103,337	-	-	-	-	57,243	160,580
<b>Total disbursements</b>	<b>8,735,992</b>	<b>1,047,697</b>	<b>885,890</b>	<b>1,474,712</b>	<b>821,674</b>	<b>2,868,434</b>	<b>15,834,399</b>
Excess (deficiency) of receipts over disbursements	873,419	698,075	968,008	349,999	(807,735)	(159,545)	1,922,221
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	4,388	-	36	-	-	4,424
Transfers in	8,681	-	-	-	-	349,372	358,053
Transfers out	(108,983)	-	(216,882)	-	-	(32,188)	(358,053)
<b>Total other financing sources (uses)</b>	<b>(100,302)</b>	<b>4,388</b>	<b>(216,882)</b>	<b>36</b>	<b>-</b>	<b>317,184</b>	<b>4,424</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	773,117	702,463	751,126	350,035	(807,735)	157,639	1,926,645
Cash and investments - beginning	738,971	359,503	72,600	307,408	4,217,847	1,513,933	7,210,262
Cash and investments - ending	<u>\$ 1,512,088</u>	<u>\$ 1,061,966</u>	<u>\$ 823,726</u>	<u>\$ 657,443</u>	<u>\$ 3,410,112</u>	<u>\$ 1,671,572</u>	9,136,907
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							1,038
Net assets of governmental activities							<u>\$ 9,137,945</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,512,088	\$ 1,061,966	\$ -	\$ 657,443	\$ 3,410,112	\$ 1,504,782	\$ 8,146,391
Restricted assets:							
Cash and investments	-	-	823,726	-	-	166,790	990,516
<b>Total cash and investment assets - ending</b>	<u>\$ 1,512,088</u>	<u>\$ 1,061,966</u>	<u>\$ 823,726</u>	<u>\$ 657,443</u>	<u>\$ 3,410,112</u>	<u>\$ 1,671,572</u>	<u>\$ 9,136,907</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 823,726	\$ -	\$ -	\$ 166,790	\$ 990,516
Unrestricted	1,512,088	1,061,966	-	657,443	3,410,112	1,504,782	8,146,391
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,512,088</u>	<u>\$ 1,061,966</u>	<u>\$ 823,726</u>	<u>\$ 657,443</u>	<u>\$ 3,410,112</u>	<u>\$ 1,671,572</u>	<u>\$ 9,136,907</u>

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 661,749
Total operating receipts	661,749
Operating disbursements:	
Insurance claims and expense	1,058,660
Total operating disbursements	1,058,660
Change in net assets	(396,911)
Cash and investment fund balance - beginning	397,780
Cash and investment fund balance - ending	\$ 869
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 869
Total cash and investment assets - ending	\$ 869
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 869
Total cash and investment fund balance - ending	\$ 869

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,119
Total operating receipts	<u>2,119</u>
Operating disbursements:	
Insurance claims and expense	<u>1,950</u>
Total operating disbursements	<u>1,950</u>
Change in net assets	169
Cash and investment fund balance - beginning	<u>869</u>
Cash and investment fund balance - ending	<u>\$ 1,038</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ <u>1,038</u>
Total cash and investment assets - ending	<u>\$ 1,038</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ <u>1,038</u>
Total cash and investment fund balance - ending	<u>\$ 1,038</u>

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 21,707	
Total contributions	<u>-</u>	<u>21,707</u>	
Investment earnings:			
Total additions	<u>-</u>	<u>21,707</u>	
Deductions:			
Benefits	70,085	-	
Administrative and general	<u>-</u>	<u>28,954</u>	
Total deductions	<u>70,085</u>	<u>28,954</u>	
Excess (deficiency) of total additions over total deductions	(70,085)	(7,247)	
Cash and investment fund balance - beginning	<u>159,209</u>	<u>27,230</u>	
Cash and investment fund balance - ending	<u>\$ 89,124</u>	<u>\$ 19,983</u>	<u>\$ 384</u>
Net assets:			
Cash and investments	<u>\$ 89,124</u>	<u>\$ 19,983</u>	<u>\$ 384</u>
Total net assets - cash and investment basis held in trust	<u>\$ 89,124</u>	<u>\$ 19,983</u>	<u>\$ 384</u>

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 31,129	
Total contributions	-	31,129	
Total additions	-	31,129	
Deductions:			
Benefits	57,036	-	
Administrative and general	-	27,754	
Total deductions	57,036	27,754	
Excess (deficiency) of total additions over total deductions	(57,036)	3,375	
Cash and investment fund balance - beginning	89,124	19,983	
Cash and investment fund balance - ending	\$ 32,088	\$ 23,358	\$ 605
Net assets:			
Cash and investments	\$ 32,088	\$ 23,358	\$ 605
Total net assets - cash and investment basis held in trust	\$ 32,088	\$ 23,358	\$ 605

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

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: North Newton School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with several other schools in a joint venture to operate the Cooperative School Services for Special Education which was created to provide special education services to handicapped children. The School Corporation is obligated by contract to remit \$13,922 annually to supplement the Cooperative School Services for Special Education. Complete financial statements for the Cooperative School Services for Special Education can be obtained from the local education agency at West Central School Corporation, 117 East Montgomery Street, Box 578, Francesville, Indiana, 47946.

The School Corporation is a participant with several other schools in a joint venture to operate Northwest Indiana Educational Center which was created to purchase supplies. The School Corporation is obligated by contract to remit \$3,320 annually to supplement the Northwest Indiana Educational Center. Complete financial statements for the Northwest Indiana Educational Center can be obtained from the administrative office at 2939 41st Street, Highland, Indiana, 46322.

The School Corporation is a participant with several other schools in a joint venture to operate Indian Trails Career Cooperative which was created to provide programs and services for vocational education. The School Corporation is obligated by contract to remit \$20,632 annually to supplement the Indian Trails Career Cooperative. Complete financial statements for the Indian Trails Career Cooperative can be obtained from the local educational agency (Twin Lakes School Corporation) at 565 South Main Street, Monticello, Indiana, 47960.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 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. However, at this time, the School Corporation has not established any enterprise funds.

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 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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The Construction Fund accounts for planned construction, repair, replacement or remodeling of building projects.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the transactions of the Medical Self-Insurance Fund which provides medical insurance coverage to corporation employees.

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

The private-purpose trust funds report a trust arrangement under which the funds benefit a specific purpose.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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

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.

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.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, 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. 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.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$9,193,996.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Other Governmental Funds	\$ 111,765	\$ 108,983
Debt Service Fund	Other Governmental Funds	-	216,882
Other Governmental Funds	General Fund	4,035	8,681
Other Governmental Funds	Other Governmental Funds	144,110	23,507
		<u>-</u>	<u>-</u>
Totals		<u>\$ 259,910</u>	<u>\$ 358,053</u>

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

The risks of medical benefits to employees, retirees, and dependents are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

During 2008, the School Corporation joined with other governmental entities to form ESCRFT, a public entity risk pool currently operating as a common risk management and insurance program for 24 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of General Liability, School Board Legal Liability, Automobile Liability, Automobile Physical Damage, Property, Equipment Breakdown, Workers Compensation, Crime, and Builders Risk. The School Corporation pays an annual premium to the risk pool for its General Liability, School Board Legal Liability, Automobile Liability, Automobile Physical Damage, Property, Equipment Breakdown, Workers Compensation, Crime, and Builders Risk coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

B. Holding Corporations

The School Corporation has entered into a capital lease with North Newton Jr./Sr. High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$555,000, and \$339,500, respectively.

The School Corporation has entered into a capital lease with North Newton School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments beginning in the year 2010 totaled \$445,000, respectively.

C. Termination Benefits

In 2010, the School Corporation offered, as a retirement incentive, a Voluntary Employees Beneficiary Association (VEBA) contribution of \$25,000 to any teacher retiring at the end of the 2010-11 school year. There were approximately 20 teachers who were eligible. Three teachers accepted the benefit for a total cost of \$75,000. The amount of \$25,000 was contributed into the three retiring teachers VEBA account in August 2010. It was a one-time offer and a one-time payment. This incentive will not be offered again.

D. Other Postemployment Benefits

Health Care Benefits for Retirees

According to the Master Agreement with the North Newton Education Association, retired teachers are eligible to participate in the School's health care insurance until the retiree reaches Medicare age. If the retiree left before the start of the 2006-2007 school year, the retiree was in the old "bridge" plan. Under the old bridge plan, the corporation pays the single premium amount per the Master Agreement toward the health insurance of the retiree. During the 09/10 school year, the School Corporation contributed \$5,350 per retiree for a total of \$48,150. If the retiree left after the start of the 2006-2007 school year, the retiree is under the new plan. With the proceeds from the sale of the PL199 Bond, the School Corporation distributed the monies into both a 401(a) and a VEBA account which is to be used by the remaining teachers upon retirement. When the teacher retires, the teacher is eligible to continue on with the School's health insurance until Medicare age at full cost to the teacher. The School Corporation does not contribute anything to health insurance premiums under the new plan.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit 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 the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$147,811.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The annuity savings account consists of member's 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:

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

Funding Policy

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

The School Corporation's contributions to the plan during the period were \$329,496.

NORTH 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)	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)
07-01-07	\$ 780,122	\$ 883,621	\$ (103,499)	88%	\$ 1,015,577	(10%)
07-01-08	882,547	1,005,379	(122,832)	88%	1,077,491	(11%)
07-01-09	962,967	1,076,214	(113,247)	89%	1,072,536	(11%)

NORTH 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, 2009

	Special Ed Pre School Fund	School Lunch Fund	Textbook Rental Fund	Historical Society Fund	Judgments MTBE Fund	Special License Plates Fund	Alternative Education Fund
<b>Receipts:</b>							
Local sources	\$ 9,735	\$ 344,689	\$ 134,122	\$ -	\$ 254,814	\$ -	\$ 34,098
Intermediate sources	-	-	-	-	-	469	-
State sources	38,805	9,171	55,150	-	-	-	5,843
Federal sources	-	241,623	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	399	-	-	-	-	-
<b>Total receipts</b>	<b>48,540</b>	<b>595,882</b>	<b>189,272</b>	<b>-</b>	<b>254,814</b>	<b>469</b>	<b>39,941</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	73,915
Support services	-	891	207,571	-	-	-	18,954
Noninstructional services	-	546,933	-	-	-	-	-
Facilities acquisition and construction	-	8,729	-	500	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	41,250	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>41,250</b>	<b>556,553</b>	<b>207,571</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>92,869</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>7,290</b>	<b>39,329</b>	<b>(18,299)</b>	<b>(500)</b>	<b>254,814</b>	<b>469</b>	<b>(52,928)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	86,000
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,000</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>7,290</b>	<b>39,329</b>	<b>(18,299)</b>	<b>(500)</b>	<b>254,814</b>	<b>469</b>	<b>33,072</b>
Cash and investments - beginning	22,050	117,290	106,399	500	-	7,706	6,005
Cash and investments - ending	<u>\$ 29,340</u>	<u>\$ 156,619</u>	<u>\$ 88,100</u>	<u>\$ -</u>	<u>\$ 254,814</u>	<u>\$ 8,175</u>	<u>\$ 39,077</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 29,340	\$ 156,619	\$ 88,100	\$ -	\$ 254,814	\$ 8,175	\$ 39,077
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 29,340</b>	<b>\$ 156,619</b>	<b>\$ 88,100</b>	<b>\$ -</b>	<b>\$ 254,814</b>	<b>\$ 8,175</b>	<b>\$ 39,077</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	29,340	156,619	88,100	-	254,814	8,175	39,077
<b>Total cash and investment fund balance - ending</b>	<b>\$ 29,340</b>	<b>\$ 156,619</b>	<b>\$ 88,100</b>	<b>\$ -</b>	<b>\$ 254,814</b>	<b>\$ 8,175</b>	<b>\$ 39,077</b>

NORTH 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, 2009  
 (Continued)

	Safe School Haven Fund	Step Ahead Fund	Non-English Speaking Program Fund	Non-English Speaking 08-09 Fund	Technology Grant Fund	Miscellaneous Program School Wellness Fund	G/T 08/09 Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ 11,589	\$ -	\$ -	\$ 5,255	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,066	-	-	6,746	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,066</b>	<b>11,589</b>	<b>-</b>	<b>6,746</b>	<b>5,255</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	6,646	-	-	-	8,968
Support services	-	-	-	-	19,802	-	-
Noninstructional services	1,066	15,457	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,066</b>	<b>15,457</b>	<b>6,646</b>	<b>-</b>	<b>19,802</b>	<b>-</b>	<b>8,968</b>
Excess (deficiency) of receipts over disbursements	-	(3,868)	(6,646)	6,746	(14,547)	-	(8,968)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	25,765	-	8,968
Transfers out	-	-	-	(130)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(130)</b>	<b>25,765</b>	<b>-</b>	<b>8,968</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,868)	(6,646)	6,616	11,218	-	-
Cash and investments - beginning	-	6,479	6,646	-	11,756	130	-
Cash and investments - ending	\$ -	\$ 2,611	\$ -	\$ 6,616	\$ 22,974	\$ 130	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 2,611	\$ -	\$ 6,616	\$ 22,974	\$ 130	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,611</b>	<b>\$ -</b>	<b>\$ 6,616</b>	<b>\$ 22,974</b>	<b>\$ 130</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,611	-	6,616	22,974	130	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,611</b>	<b>\$ -</b>	<b>\$ 6,616</b>	<b>\$ 22,974</b>	<b>\$ 130</b>	<b>\$ -</b>

NORTH 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, 2009  
 (Continued)

	G/T 07-08 Fund	ECIA Title I 05-06 Fund	ECIA Title I 07-08 Fund	ECIA Title I 08-09 Fund	Title V 07-08 Fund	Drug Free Schools Title IV 07-08 Fund	Drug Free Schools Title IV 07-08 Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	180,873	3,418	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,873</b>	<b>3,418</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	62,248	114,036	3,296	-	3,460
Support services	-	-	11,090	17,141	-	-	-
Noninstructional services	-	-	2,492	650	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>75,830</b>	<b>131,827</b>	<b>3,296</b>	<b>-</b>	<b>3,460</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>-</b>	<b>(75,830)</b>	<b>49,046</b>	<b>122</b>	<b>-</b>	<b>(3,460)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	103,756	27,926	-	-	3,460
Transfers out	(8,968)	(103,756)	(27,926)	-	(122)	(3,460)	-
<b>Total other financing sources (uses)</b>	<b>(8,968)</b>	<b>(103,756)</b>	<b>75,830</b>	<b>27,926</b>	<b>(122)</b>	<b>(3,460)</b>	<b>3,460</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(8,968)</b>	<b>(103,756)</b>	<b>-</b>	<b>76,972</b>	<b>-</b>	<b>(3,460)</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>8,968</b>	<b>103,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,460</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ -	\$ -	\$ 76,972	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	76,972	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

NORTH 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, 2009  
 (Continued)

	Drug Free Schools Title IV 08-09 Fund	Drug Free Schools Title IV 09-10 Fund	Tech Prep 08-09 Fund	Other Fed Programs Voc Ag Fund	Biomedical Grant 08-09 Fund	Other Afternoon Rocks Fund
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	5,418	3,993	27,116	-	23,125	31,349
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>5,418</b>	<b>3,993</b>	<b>27,116</b>	<b>-</b>	<b>23,125</b>	<b>31,349</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,192	-	25,716	211	23,125	28,328
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,192</b>	<b>-</b>	<b>25,716</b>	<b>211</b>	<b>23,125</b>	<b>28,328</b>
Excess (deficiency) of receipts over disbursements	4,226	3,993	1,400	(211)	-	3,021
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(108)	-	(1,400)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(108)</b>	<b>-</b>	<b>(1,400)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,118	3,993	-	(211)	-	3,021
Cash and investments - beginning	-	-	-	253	-	2,742
<b>Cash and investments - ending</b>	<b>\$ 4,118</b>	<b>\$ 3,993</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ -</b>	<b>\$ 5,763</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 4,118	\$ 3,993	\$ -	\$ 42	\$ -	\$ 5,763
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 4,118</b>	<b>\$ 3,993</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ -</b>	<b>\$ 5,763</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,118	3,993	-	42	-	5,763
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,118</b>	<b>\$ 3,993</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ -</b>	<b>\$ 5,763</b>

NORTH 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, 2009  
 (Continued)

	Title II Part A Fund	Title III English Proficiency Fund	Fiscal Stabilization ARRA Fund	Retirement/ Severance Bond Fund	School Bus Replacement Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 290,026	\$ 413,972	\$ 1,498,300
Intermediate sources	-	-	-	-	-	469
State sources	-	-	-	-	-	116,781
Federal sources	75,900	5,439	803,643	-	-	1,401,897
Interfund loans	-	-	-	-	300,000	300,000
Other	-	-	-	-	-	399
<b>Total receipts</b>	<b>75,900</b>	<b>5,439</b>	<b>803,643</b>	<b>290,026</b>	<b>713,972</b>	<b>3,317,846</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	69,760	5,401	257,418	-	-	683,720
Support services	-	-	124,089	-	270,580	670,118
Noninstructional services	-	-	1,128	-	-	567,726
Facilities acquisition and construction	-	-	-	-	-	9,229
Debt services	-	-	-	297,760	-	297,760
Nonprogrammed charges	-	-	5,698	-	-	46,948
Interfund loans	-	-	-	-	300,000	300,000
<b>Total disbursements</b>	<b>69,760</b>	<b>5,401</b>	<b>388,333</b>	<b>297,760</b>	<b>570,580</b>	<b>2,575,501</b>
Excess (deficiency) of receipts over disbursements	6,140	38	415,310	(7,734)	143,392	742,345
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	1,700	1,700
Transfers in	-	-	-	-	-	255,875
Transfers out	(2,275)	-	-	-	-	(148,145)
<b>Total other financing sources (uses)</b>	<b>(2,275)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,700</b>	<b>109,430</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,865	38	415,310	(7,734)	145,092	851,775
Cash and investments - beginning	7,303	5,401	-	13,467	231,847	662,158
Cash and investments - ending	\$ 11,168	\$ 5,439	\$ 415,310	\$ 5,733	\$ 376,939	\$ 1,513,933
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 11,168	\$ 5,439	\$ 415,310	\$ -	\$ 376,939	\$ 1,508,200
Restricted assets:						
Cash and investments	-	-	-	5,733	-	5,733
<b>Total cash and investment assets - ending</b>	<b>\$ 11,168</b>	<b>\$ 5,439</b>	<b>\$ 415,310</b>	<b>\$ 5,733</b>	<b>\$ 376,939</b>	<b>\$ 1,513,933</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 5,733	\$ -	\$ 5,733
Unrestricted	11,168	5,439	415,310	-	376,939	1,508,200
<b>Total cash and investment fund balance - ending</b>	<b>\$ 11,168</b>	<b>\$ 5,439</b>	<b>\$ 415,310</b>	<b>\$ 5,733</b>	<b>\$ 376,939</b>	<b>\$ 1,513,933</b>

NORTH 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, 2010

	Special Ed Pre School Fund	Rainy Day Fund	School Lunch Fund	Textbook Rental Fund	Levy Excess Fund	Judgments MTBE Fund	Special License Plates Fund
Receipts:							
Local sources	\$ -	\$ -	\$ 314,967	\$ 120,910	\$ 22,052	\$ 23,198	\$ -
Intermediate sources	-	-	-	-	-	-	131
State sources	20,625	-	8,544	58,929	-	-	-
Federal sources	-	-	326,301	-	-	-	-
Other	-	-	400	-	-	-	-
Total receipts	<u>20,625</u>	<u>-</u>	<u>650,212</u>	<u>179,839</u>	<u>22,052</u>	<u>23,198</u>	<u>131</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	404	97,882	-	-	-
Noninstructional services	-	-	567,865	-	-	-	-
Facilities acquisition and construction	-	-	26,479	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	43,647	-	-	-	-	-	-
Total disbursements	<u>43,647</u>	<u>-</u>	<u>594,748</u>	<u>97,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(23,022)</u>	<u>-</u>	<u>55,464</u>	<u>81,957</u>	<u>22,052</u>	<u>23,198</u>	<u>131</u>
Other financing sources (uses):							
Transfers in	-	215,500	-	1,382	-	-	-
Transfers out	(6,318)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(6,318)</u>	<u>215,500</u>	<u>-</u>	<u>1,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(29,340)</u>	<u>215,500</u>	<u>55,464</u>	<u>83,339</u>	<u>22,052</u>	<u>23,198</u>	<u>131</u>
Cash and investments - beginning	<u>29,340</u>	<u>-</u>	<u>156,619</u>	<u>88,100</u>	<u>-</u>	<u>254,814</u>	<u>8,175</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 215,500</u>	<u>\$ 212,083</u>	<u>\$ 171,439</u>	<u>\$ 22,052</u>	<u>\$ 278,012</u>	<u>\$ 8,306</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 215,500	\$ 212,083	\$ 171,439	\$ 22,052	\$ 278,012	\$ 8,306
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 215,500</u>	<u>\$ 212,083</u>	<u>\$ 171,439</u>	<u>\$ 22,052</u>	<u>\$ 278,012</u>	<u>\$ 8,306</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	215,500	212,083	171,439	22,052	278,012	8,306
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 215,500</u>	<u>\$ 212,083</u>	<u>\$ 171,439</u>	<u>\$ 22,052</u>	<u>\$ 278,012</u>	<u>\$ 8,306</u>

NORTH 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, 2010  
 (Continued)

	Alternative Education Fund	Step Ahead Fund	Non-English Speaking 08-09 Fund	Technology Grant Fund	Miscellaneous Program School Wellness Fund	Excess PTRC Distribution Fund	ECIA Title I 08-09 Fund
<b>Receipts:</b>							
Local sources	\$ 28,791	\$ 11,432	\$ -	\$ -	\$ -	\$ -	\$ 7
Intermediate sources	-	-	-	-	-	-	-
State sources	4,785	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>33,576</b>	<b>11,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	79,025	-	6,616	-	-	-	47,797
Support services	11,462	-	-	8,784	-	-	3,614
Noninstructional services	-	12,557	-	-	-	-	2,061
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>90,487</b>	<b>12,557</b>	<b>6,616</b>	<b>8,784</b>	<b>-</b>	<b>-</b>	<b>53,472</b>
Excess (deficiency) of receipts over disbursements	(56,911)	(1,125)	(6,616)	(8,784)	-	-	(53,465)
<b>Other financing sources (uses):</b>							
Transfers in	55,000	-	-	20,501	-	33,482	-
Transfers out	-	-	-	-	-	-	(23,507)
<b>Total other financing sources (uses)</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>20,501</b>	<b>-</b>	<b>33,482</b>	<b>(23,507)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,911)	(1,125)	(6,616)	11,717	-	33,482	(76,972)
Cash and investments - beginning	39,077	2,611	6,616	22,974	130	-	76,972
Cash and investments - ending	\$ 37,166	\$ 1,486	\$ -	\$ 34,691	\$ 130	\$ 33,482	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 37,166	\$ 1,486	\$ -	\$ 34,691	\$ 130	\$ 33,482	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 37,166</b>	<b>\$ 1,486</b>	<b>\$ -</b>	<b>\$ 34,691</b>	<b>\$ 130</b>	<b>\$ 33,482</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	37,166	1,486	-	34,691	130	33,482	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 37,166</b>	<b>\$ 1,486</b>	<b>\$ -</b>	<b>\$ 34,691</b>	<b>\$ 130</b>	<b>\$ 33,482</b>	<b>\$ -</b>

NORTH 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, 2010  
 (Continued)

	ECIA Title I 09-10 Fund	Drug Free Schools Title IV 08-09 Fund	Drug Free Schools Title IV 09-10 Fund	Tech Prep 08-09 Fund	Tech Prep 09-10 Fund	Other Fed Programs Voc Ag Fund	Biomedical Grant 08-09 Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	180,313	-	-	2,748	14,487	-	1,875
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>180,313</b>	<b>-</b>	<b>-</b>	<b>2,748</b>	<b>14,487</b>	<b>-</b>	<b>1,875</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	154,607	4,118	1,098	2,748	14,487	-	1,875
Support services	2,914	-	-	-	-	-	-
Noninstructional services	527	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>158,048</b>	<b>4,118</b>	<b>1,098</b>	<b>2,748</b>	<b>14,487</b>	<b>-</b>	<b>1,875</b>
Excess (deficiency) of receipts over disbursements	22,265	(4,118)	(1,098)	-	-	-	-
<b>Other financing sources (uses):</b>							
Transfers in	23,507	-	-	-	-	-	-
Transfers out	-	-	(75)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>23,507</b>	<b>-</b>	<b>(75)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,772	(4,118)	(1,173)	-	-	-	-
Cash and investments - beginning	-	4,118	3,993	-	-	42	-
Cash and investments - ending	\$ 45,772	\$ -	\$ 2,820	\$ -	\$ -	\$ 42	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 45,772	\$ -	\$ 2,820	\$ -	\$ -	\$ 42	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 45,772</b>	<b>\$ -</b>	<b>\$ 2,820</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	45,772	-	2,820	-	-	42	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 45,772</b>	<b>\$ -</b>	<b>\$ 2,820</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ -</b>

NORTH 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, 2010  
 (Continued)

	Biomedical Grant 09-10 Fund	Other Afternoon Rocks Fund	Title II Part A Fund	Title II Part A 09-10 Fund	Title III English Proficiency Fund	Title III English Proficiency Fund
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	15,703	13,670	-	76,279	-	5,733
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>15,703</b>	<b>13,670</b>	<b>-</b>	<b>76,279</b>	<b>-</b>	<b>5,733</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	15,703	17,627	11,168	68,590	5,439	1,278
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,703</b>	<b>17,627</b>	<b>11,168</b>	<b>68,590</b>	<b>5,439</b>	<b>1,278</b>
Excess (deficiency) of receipts over disbursements	-	(3,957)	(11,168)	7,689	(5,439)	4,455
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(2,288)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,288)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,957)	(11,168)	5,401	(5,439)	4,455
Cash and investments - beginning	-	5,763	11,168	-	5,439	-
Cash and investments - ending	\$ -	\$ 1,806	\$ -	\$ 5,401	\$ -	\$ 4,455
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 1,806	\$ -	\$ 5,401	\$ -	\$ 4,455
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 1,806</b>	<b>\$ -</b>	<b>\$ 5,401</b>	<b>\$ -</b>	<b>\$ 4,455</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,806	-	5,401	-	4,455
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 1,806</b>	<b>\$ -</b>	<b>\$ 5,401</b>	<b>\$ -</b>	<b>\$ 4,455</b>

NORTH 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, 2010  
 (Continued)

	Fiscal Stabilization ARRA Fund	Title I ARRA Fund	IDEA ARRA Fund	Retirement/ Severance Bond Fund	School Bus Replacement Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 461,484	\$ 289,386	\$ 1,272,227
Intermediate sources	-	-	-	-	-	131
State sources	-	-	-	-	-	92,883
Federal sources	307,762	74,405	323,972	-	-	1,343,248
Other	-	-	-	-	-	400
<b>Total receipts</b>	<b>307,762</b>	<b>74,405</b>	<b>323,972</b>	<b>461,484</b>	<b>289,386</b>	<b>2,708,889</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	443,060	73,706	305,226	-	-	1,254,168
Support services	266,416	-	-	-	255,631	647,107
Noninstructional services	-	-	-	-	-	583,010
Facilities acquisition and construction	-	-	-	-	-	26,479
Debt services	-	-	-	300,427	-	300,427
Nonprogrammed charges	13,596	-	-	-	-	57,243
<b>Total disbursements</b>	<b>723,072</b>	<b>73,706</b>	<b>305,226</b>	<b>300,427</b>	<b>255,631</b>	<b>2,868,434</b>
Excess (deficiency) of receipts over disbursements	(415,310)	699	18,746	161,057	33,755	(159,545)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	349,372
Transfers out	-	-	-	-	-	(32,188)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,184</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(415,310)	699	18,746	161,057	33,755	157,639
Cash and investments - beginning	415,310	-	-	5,733	376,939	1,513,933
Cash and investments - ending	\$ -	\$ 699	\$ 18,746	\$ 166,790	\$ 410,694	\$ 1,671,572
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 699	\$ 18,746	\$ -	\$ 410,694	\$ 1,504,782
Restricted assets:						
Cash and investments	-	-	-	166,790	-	166,790
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 699</b>	<b>\$ 18,746</b>	<b>\$ 166,790</b>	<b>\$ 410,694</b>	<b>\$ 1,671,572</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 166,790	\$ -	\$ 166,790
Unrestricted	-	699	18,746	-	410,694	1,504,782
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 699</b>	<b>\$ 18,746</b>	<b>\$ 166,790</b>	<b>\$ 410,694</b>	<b>\$ 1,671,572</b>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	Donation After School Programs Fund	Donation After School Supplies Fund	Donation Library Books Morocco Fund	Donation Environmental Morocco Fund	Donation For Trees Morocco Fund	Donation Exxon Supplies Morocco Fund	Donation Step Ahead Fund
Additions:							
Contributions:							
Other	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ 500	\$ -
Total additions	-	400	-	-	-	500	-
Deductions:							
Administrative and general	-	400	63	-	416	-	200
Excess (deficiency) of total additions over total deductions	-	-	(63)	-	(416)	500	(200)
Cash and investment fund balance - beginning	2,217	-	63	21	420	500	-
Cash and investments - June 30	<u>\$ 2,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 4</u>	<u>\$ 1,000</u>	<u>\$ (200)</u>
Net assets:							
Cash and investments	\$ 2,217	\$ -	\$ -	\$ 21	\$ 4	\$ 1,000	\$ (200)
Total net assets - cash and investment basis held in trust	<u>\$ 2,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 4</u>	<u>\$ 1,000</u>	<u>\$ (200)</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Donation Healthy Kids Lake Village Fd	Donation Library Books Lake Village Fd	Donation Library Books Lincoln Fund	Donation Reading Books N N Fund	Donation VCR Supplies N N Fund	Donation IT Supplies N N Fund	Donation Trophy Cases N N Fund
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total additions	-	-	-	-	-	-	-
Deductions:							
Administrative and general	-	-	55	-	-	2	1,794
Excess (deficiency) of total additions over total deductions	-	-	(55)	-	-	(2)	(1,794)
Cash and investment fund balance - beginning	326	63	63	268	1,230	2	1,794
Cash and investments - June 30	<u>\$ 326</u>	<u>\$ 63</u>	<u>\$ 8</u>	<u>\$ 268</u>	<u>\$ 1,230</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:							
Cash and investments	\$ 326	\$ 63	\$ 8	\$ 268	\$ 1,230	\$ -	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ 326</u>	<u>\$ 63</u>	<u>\$ 8</u>	<u>\$ 268</u>	<u>\$ 1,230</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Donation Science Labs Fund	Donation Conditioning Fund	Donation Library Books H S Fund	Donation Grace Pampel Fund	Donation Chemistry Lab Fund	Donation Printers Fund	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ 14,790	\$ 200	\$ 5,817	\$ 21,707
Total additions	-	-	-	14,790	200	5,817	21,707
Deductions:							
Administrative and general	11,739	200	-	14,085	-	-	28,954
Excess (deficiency) of total additions over total deductions	(11,739)	(200)	-	705	200	5,817	(7,247)
Cash and investment fund balance - beginning	20,000	200	63	-	-	-	27,230
Cash and investments - June 30	<u>\$ 8,261</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 705</u>	<u>\$ 200</u>	<u>\$ 5,817</u>	<u>\$ 19,983</u>
Net assets:							
Cash and investments	\$ 8,261	\$ -	\$ 63	\$ 705	\$ 200	\$ 5,817	\$ 19,983
Total net assets - cash and investment basis held in trust	<u>\$ 8,261</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 705</u>	<u>\$ 200</u>	<u>\$ 5,817</u>	<u>\$ 19,983</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010

	Donation After School Programs Fund	Donation Elem Sports Fund	Donation Special Ed Fund	Donation NC Step Ahead Fund	Donation Environmental Morocco Fund	Donation For Trees Morocco Fund
Additions:						
Contributions:						
Other	\$ 1,100	\$ 200	\$ 1,135	\$ 329	\$ -	\$ -
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	-	-	-	-
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	-	-	-	-
Total additions	1,100	200	1,135	329	-	-
Deductions:						
Administrative and general	3,317	200	-	-	-	-
Excess (deficiency) of total additions over total deductions	(2,217)	-	1,135	329	-	-
Cash and investment fund balance - beginning	2,217	-	-	-	21	4
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ 329</u>	<u>\$ 21</u>	<u>\$ 4</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ 1,135	\$ 329	\$ 21	\$ 4
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ 329</u>	<u>\$ 21</u>	<u>\$ 4</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Donation Exxon Supplies Morocco Fund	Donation Step Ahead Fund	Donation Drug Free Morocco Fund	Donation After School Morocco Fund	Donation Scoreboard Fund	Donation Healthy Kids Lake Village Fd
Additions:						
Contributions:						
Other	\$ 750	\$ 187	\$ 187	\$ 500	\$ 8,731	\$ -
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	-	-	-	-
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	-	-	-	-
Total additions	750	187	187	500	8,731	-
Deductions:						
Administrative and general	979	(13)	187	500	-	-
Excess (deficiency) of total additions over total deductions	(229)	200	-	-	8,731	-
Cash and investment fund balance - beginning	1,000	(200)	-	-	-	326
Cash and investments - June 30	<u>\$ 771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,731</u>	<u>\$ 326</u>
Net assets:						
Cash and investments	\$ 771	\$ -	\$ -	\$ -	\$ 8,731	\$ 326
Total net assets - cash and investment basis held in trust	<u>\$ 771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,731</u>	<u>\$ 326</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Donation Library Books Lake Village Fd	Donation Dunes Trip Lake Village Fd	Donation Tippecanoe Art Lake Village Fd	Donation No Excuses Fund	Donation Library Books Lincoln Fund	Donation Target Lincoln Fund
Additions:						
Contributions:						
Other	\$ -	\$ 2,427	\$ 500	\$ 795	\$ -	\$ 40
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	-	-	-	-
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	-	-	-	-
Total additions	-	2,427	500	795	-	40
Deductions:						
Administrative and general	63	2,427	500	795	8	-
Excess (deficiency) of total additions over total deductions	(63)	-	-	-	(8)	40
Cash and investment fund balance - beginning	63	-	-	-	8	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Donation Drug Free Lincoln Fund	Donation No Excuses Fund	Donation Reading Books N N Fund	Donation VCR Supplies N N Fund	Donation Science Labs Fund	Donation Library Books H S Fund
Additions:						
Contributions:						
Other	\$ 211	\$ 500	\$ 850	\$ -	\$ -	\$ -
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	-	-	-	-
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	-	-	-	-
Total additions	<u>211</u>	<u>500</u>	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:						
Administrative and general	<u>211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>63</u>
Excess (deficiency) of total additions over total deductions	-	500	850	-	(95)	(63)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>268</u>	<u>1,230</u>	<u>8,261</u>	<u>63</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 1,118</u>	<u>\$ 1,230</u>	<u>\$ 8,166</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 1,118</u>	<u>\$ 1,230</u>	<u>\$ 8,166</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 1,118</u>	<u>\$ 1,230</u>	<u>\$ 8,166</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Donation Grace Pampel Fund	Donation Chemistry Lab Fund	Donation Printers Fund	Donation Calculators H S Fund	Totals
<b>Additions:</b>					
<b>Contributions:</b>					
Other	\$ 8,290	\$ -	\$ -	\$ 4,397	\$ 31,129
<b>Investment earnings:</b>					
Net increase (decrease) in fair value of investments	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Total investment earnings	-	-	-	-	-
Less investment disbursements	-	-	-	-	-
Net investment earnings	-	-	-	-	-
Total additions	8,290	-	-	4,397	31,129
<b>Deductions:</b>					
Administrative and general	8,995	-	5,817	3,610	27,754
Excess (deficiency) of total additions over total deductions	(705)	-	(5,817)	787	3,375
Cash and investment fund balance - beginning	705	200	5,817	-	19,983
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 23,358</u>
<b>Net assets:</b>					
Cash and investments	\$ -	\$ 200	\$ -	\$ 787	\$ 23,358
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 23,358</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009

	<u>Prepaid Food</u>	<u>Federal Tax</u>	<u>Social Security</u>	<u>State Tax</u>	<u>County Tax</u>	<u>Teacher Retirement</u>
Additions:						
Agency fund additions	\$ 340,316	\$ 771,751	\$ 578,618	\$ 259,171	\$ 100,287	\$ 2,170
Deductions:						
Agency fund deductions	<u>339,932</u>	<u>771,751</u>	<u>578,618</u>	<u>286,825</u>	<u>112,005</u>	<u>2,170</u>
Excess (deficiency) of total additions over total deductions	384	-	-	(27,654)	(11,718)	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,654</u>	<u>11,718</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	<u>PERF</u>	<u>Health Ins</u>	<u>Annuities</u>	<u>Garnishments</u>	<u>Property Tax</u>	<u>Credit Union</u>
Additions:						
Agency fund additions	\$ 30,284	\$ 15,850	\$ 188,959	\$ 18,785	\$ 676	\$ 170,514
Deductions:						
Agency fund deductions	<u>30,284</u>	<u>15,850</u>	<u>188,959</u>	<u>18,785</u>	<u>676</u>	<u>170,514</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	<u>Section 125</u>	<u>Life Ins</u>	<u>Short Term Disability</u>	<u>Cancer Ins</u>	<u>Association Dues</u>	<u>Totals</u>
Additions:						
Agency fund additions	\$ 452,202	\$ 12,832	\$ 4,056	\$ 30	\$ 35,769	\$ 2,982,270
Deductions:						
Agency fund deductions	<u>452,202</u>	<u>12,832</u>	<u>4,056</u>	<u>30</u>	<u>35,769</u>	<u>3,021,258</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	(38,988)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,372</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2010

	<u>Prepaid Food</u>	<u>Federal Tax</u>	<u>Social Security</u>	<u>State Tax</u>	<u>County Tax</u>	<u>Teacher Retirement</u>
Additions:						
Agency fund additions	\$ 312,168	\$ 692,571	\$ 581,008	\$ 259,819	\$ 101,455	\$ 719
Deductions:						
Agency fund deductions	<u>311,947</u>	<u>692,571</u>	<u>581,008</u>	<u>259,819</u>	<u>101,455</u>	<u>719</u>
Excess (deficiency) of total additions over total deductions	221	-	-	-	-	-
Cash and investment fund balance - beginning	<u>384</u>	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	<u>PERF</u>	<u>Health Ins</u>	<u>Annuities</u>	<u>Garnishments</u>	<u>Property Tax</u>	<u>Credit Union</u>
Additions:						
Agency fund additions	\$ 30,668	\$ 17,807	\$ 190,254	\$ 20,364	\$ 1,329	\$ 176,718
Deductions:						
Agency fund deductions	<u>30,668</u>	<u>17,807</u>	<u>190,254</u>	<u>20,364</u>	<u>1,329</u>	<u>176,718</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	<u>Section 125</u>	<u>Life Ins</u>	<u>Short Term Disability</u>	<u>Cancer Ins</u>	<u>Association Dues</u>	<u>Totals</u>
Additions:						
Agency fund additions	\$ 461,593	\$ 15,394	\$ 4,364	\$ -	\$ 41,130	\$ 2,907,361
Deductions:						
Agency fund deductions	461,593	15,394	4,364	-	41,130	2,907,140
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	221
Cash and investment fund balance - beginning	-	-	-	-	-	384
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605</u>

NORTH NEWTON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 62,750
Buildings	18,225,160
Improvements other than buildings	2,091,485
Machinery and equipment	4,637,800
Construction in progress	<u>603,019</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 25,620,214</u>

NORTH NEWTON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

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:		
North Newton Jr./Sr. High School	\$ 2,605,000	\$ 555,000
Morocco and Lincoln Elementaries	16,200,000	1,083,500
Notes and loans payable	262,500	87,188
Bonds payable:		
General obligation bonds:		
Retirement and Severance	<u>2,210,000</u>	<u>302,353</u>
Total governmental activities debt	<u>\$ 21,277,500</u>	<u>\$ 2,028,041</u>

NORTH NEWTON SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS (Pertains to Lake Village Elementary)

Record balances did not agree to the depository reconciliation at June 30, 2010. The record balance exceeded the depository reconciliation balance by \$779.75. The following errors were noted during the audit of the bank reconciliation.

- (a) The June 30, 2009, fund balance of the Student Wash Fund of \$38.50 was increased to \$358.80 on July 1, 2009, without any deposits to the Fund. The error resulted in the overstatement of the record balance for the Student Wash Fund of \$320.00.
- (b) A deposit made to the depository was \$30.25 less than the receipt recorded to the Book Fair Fund. The Treasurer in an attempt to correct the error wrote a new receipt for the amount of the deposit, \$429.50, but did not void the original receipt. As a result the Book Fair Fund was overstated by \$459.75.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Controls over receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEBT SERVICE FUND TRANSFER

The School Corporation refinanced bonds in 2010 which were originally issued in 1996. The original project was completed in 1996 as a result of the refinancing the first lease payment on the new bonds was \$215,500 less than the amount that had been budgeted from the Debt Service Fund. Per School Board approval the School Corporation transferred \$215,500 from the Debt Service Fund to the Rainy Day Fund.

IC 5-1-13-2(c) states:

"Surplus bond proceeds or investment earnings may be used by a local issuing body for the following purposes:

- (1) To maintain a debt service reserve fund for the bonds to which the surplus bond proceeds or investment earnings are attributable, at the level required under the terms of the bonds, if the local issuing body adopts an ordinance, resolution, or order authorizing that use of the proceeds or earnings.
- (2) To pay the principal or interest, or both, on any other bonds of the local issuing body, if the local issuing body adopts an ordinance, a resolution, or an order authorizing the use of the surplus proceeds to pay principal or interest on the bonds.

NORTH NEWTON SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (3) To reduce the rate or an amount of ad valorem property taxes, special benefit taxes on property, or tax increment revenues imposed by or allocated to the local issuing body."

INTERNAL CONTROL

We noted the following deficiency in the internal control system of the North Newton School Corporation related to financial transactions and reporting.

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

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

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

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

Compliance

We have audited the compliance of the North Newton School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2010-2, 2010-3 and 2010-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 15, 2010

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster National School Breakfast Program	10.553	FY 08-09 FY 09-10	\$ 45,426 -	\$ - 59,682
Total for program			<u>45,426</u>	<u>59,682</u>
National School Lunch Program	10.555	FY 08-09 FY 09-10	234,558 -	- 308,486
Total for program			<u>234,558</u>	<u>308,486</u>
Total for federal grantor agency			<u>279,984</u>	<u>368,168</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	FY 07-08 FY 08-09 FY 09-10	103,755 131,826 -	- 76,980 158,047
Total for program			<u>235,581</u>	<u>235,027</u>
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	84.389	FY 09-10	-	73,706
Total for program			<u>-</u>	<u>73,706</u>
Total for A Cluster			<u>235,581</u>	<u>308,733</u>
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States Project Lead the Way Biomedical Grant	84.048	BIO 8643 BIO 9643	- 23,125 -	- 1,875 15,703
Total for program			<u>23,125</u>	<u>17,578</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 06-07 FY 07-08 FY 08-09	3,460 1,300 -	- 4,118 1,173
Total for program			<u>4,760</u>	<u>5,291</u>

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

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	TP 8643 TP 9643	27,116 -	2,748 14,487
Total for program			<u>27,116</u>	<u>17,235</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	FY 07-08	<u>3,418</u>	-
Total for program			<u>3,418</u>	-
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365	FY 08-09 FY 09-10	5,401 -	5,439 1,278
Total for program			<u>5,401</u>	<u>6,717</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	FY 07-08 FY 08-09	72,035 -	11,168 70,878
Total for program			<u>72,035</u>	<u>82,046</u>
Pass-Through Cooperative School Services for Special Education Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 09-10	-	<u>305,276</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 08-09 FY 09-10	388,332 -	- 723,072
Total for program			<u>388,332</u>	<u>723,072</u>
Total for federal grantor agency			<u>759,768</u>	<u>1,465,948</u>
Total federal awards expended			<u>\$ 1,039,752</u>	<u>\$ 1,834,116</u>

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

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Newton School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
National School Breakfast Program	10.553	\$ 6,237	\$ 6,793
National School Lunch Program	10.555	32,124	35,074

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Control activities should be selected and developed at various levels of the school corporation to reduce risks to achievement of financial reporting objectives. The School has not separated incompatible activities related to receipts, disbursements and cash balances. The failure to establish these controls could enable material misstatements or frauds to go undetected.

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2, INTERNAL CONTROL

Federal Agency: U.S. Department of Agriculture  
Pass-Through: Indiana Department of Education  
Federal Program: Child Nutrition Cluster – National School Lunch Program  
CFDA Number: 10.555

Federal funds received as a part of the Child Nutrition Cluster are used to subsidize the cost of the school lunch program ran be the school corporation. Financial accounting records for the lunch program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office the School has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section §\_\_\_\_.300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

FINDING 2010-3, INTERNAL CONTROL

Federal agency: U.S. Department of Education  
Pass-through: Indiana Department of Education  
Federal Program: Title 1, Part A Cluster  
CFDA Number: 84.010

Federal funds received as a part of the Title 1, Part A Cluster program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office the School has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Circular A133 Subpart C section §\_\_\_\_.300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

FINDING 2010-4, INTERNAL CONTROLS

Federal Agency: U.S. Department of Education  
Pass-through: Indiana Department of Education  
Federal Program: State Fiscal Stabilization Fund – Education State Grants Recovery Act  
CFDA Number: 84.394

The financial records for federal funds received as a part of the State Fiscal Stabilization Fund – Education State Grants Recovery Act program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office the School has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section §\_\_\_\_.300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

NORTH NEWTON SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None matters reportable.

**NORTH NEWTON SCHOOL CORPORATION**

**ADMINISTRATION OFFICE**

310 South Lincoln Street – PO Box 8

Morocco, Indiana 47963

Telephone: 219-285-2228 Fax: 219-285-2708

Mr. Brian Smith  
*Superintendent of Schools*

**CORRECTIVE ACTION PLAN**

Mr. Steven Sharp, Ed.S  
*Assistant Superintendent*

December 9, 2010

The management of North Newton School Corporation has reviewed the Financial Statement Findings related to their audit for the period July 1, 2008 to June 30, 2010, and offer the following corrective action:

Ms. Karen Zackfia, C.P.A.  
*Director of  
Business & Finance*

2010-1  
2010-2  
2010-3  
2010-4  
2010-5

It has been noted that the internal control procedures do not properly segregate accounting activities because of the limited number of personnel in the school business office. The management of the North Newton School Corporation understands the importance of proper segregation for accounting activities. The management will develop procedures that further segregate accounting activities to be in compliance.

Mrs. Deborah Miller  
*Administrative Secretary*

Mrs. Mary Sheldon  
*Deputy Treasurer*

Respectfully,



Karen L. Zackfia, C.P.A.  
Director of Business and Financial Services

**Board of Trustees**

Mr. Robert Churchill  
Mr. Richard Elijah  
Mr. James Ferry  
Mr. Nathan Gibson  
Mr. Dale Morgan  
Mr. Michael Russell  
Mr. Paul Sheldon



NORTH NEWTON SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2010, with Karen Zackfia, Treasurer; Brian Smith, Superintendent of Schools; and Nathan Gibson, President of the School Board. The official response has been made a part of this report and may be found on pages 65 and 66.

**NORTH NEWTON SCHOOL CORPORATION**

**ADMINISTRATION OFFICE**

**310 South Lincoln Street – PO Box 8**

**Morocco, Indiana 47963**

**Telephone: 219-285-2228 Fax: 219-285-2708**

**Mr. Brian Smith**  
*Superintendent of Schools*

December 17, 2010

**Mr. Steven Sharp, Ed.S**  
*Assistant Superintendent*

Bruce A. Hartman, C.P.A.  
State Examiner  
Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, IN 46204-2765

**Ms. Karen Zackfia, C.P.A.**  
*Director of  
Business & Finance*

Dear Mr. Hartman:

**Mrs. Deborah Miller**  
*Administrative Secretary*

On December 9, 2010, an exit conference was held with the administration of the North Newton School Corporation to discuss the contents of the audit report for the North Newton School Corporation from July 1, 2008 to June 30, 2010. This letter is the official response of the administration of the North Newton School Corporation to the audit report.

**Mrs. Mary Sheldon**  
*Deputy Treasurer*

In the audit report, the Indiana State Board of Accounts issued an Audit Result and Comment titled Debt Service Fund Transfer. The Audit Result and Comment discussed the transfer of funds that the school corporation completed in 2010. Last winter, the administration was contacted by our bond counsel and financial advisor about the possibility of refinancing our debt for the North Newton Jr./Sr. High School. Our advisors stated the debt could be refinanced at a lower interest rate with considerable savings in interest and the savings or unencumbered funds could be transferred to the Rainy Day Fund. The administration sought and obtained a legal opinion from bond counsel dated April 20, 2010, which stated that the school corporation could transfer the unencumbered funds under IC 36-1-8-5.1. On June 21, 2010, the Board of Trustees approved the Resolution to Transfer Funds. The administration believes all necessary and appropriate steps were taken during this process and the transfer was according to Indiana State Statute.

**Board of Trustees**

**Mr. Robert Churchill**  
**Mr. Richard Elijah**  
**Mr. James Ferry**  
**Mr. Nathan Gibson**  
**Mr. Dale Morgan**  
**Mr. Michael Russell**  
**Mr. Paul Sheldon**

In the audit report, the Indiana State Board of Audit issued an Audit Result and Comment titled Internal Control and Financial Statement Findings Titled 2010-1 through 2010-5 Internal Control. The Audit Result and Comment and Financial Statement Findings discussed the lack of segregation of duties. The Findings stated "due to the limited personnel in the school business office the school has not separated incompatible activities related to all areas of the financial statements." The school business office is comprised of two employees. Since 2000, the administration has taken steps to segregate duties between the two employees with the division of accounting and financial activities among them.



Page 2

Furthermore, the administration has assigned some accounting duties to the superintendent's secretary and the extra-curricular treasurers. The administration understands and supports the importance of internal controls over accounting activities. The administration believes internal controls should be continually reviewed and improved.

Sincerely,



Karen L. Zackfia, C.P.A.  
Director of Business & Finance



Brian J. Smith  
Superintendent



Nathan W. Gibson  
President of the Board of Trustees