

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

EXAMINATION REPORT
OF

NEW HARMONY TOWN AND TOWNSHIP
CONSOLIDATED SCHOOLS
POSEY COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
04/27/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Paula Schmitt	07-01-08 to 06-30-11
Superintendent of Schools	Fran Thoele	07-01-08 to 06-30-11
President of the School Board	James R. Scarafia	01-01-08 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NEW HARMONY TOWN AND TOWNSHIP
CONSOLIDATED SCHOOLS, POSEY COUNTY, INDIANA

We have examined the financial statements presented herein of the New Harmony Town and Township Consolidated Schools (School Corporation), for the period of July 1, 2008 to June 30, 2010. The School Corporation's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2009 and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules have been subjected to the examination procedures applied in the examination 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 has not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 17, 2011

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,100,220	\$ -	\$ 36,054	\$ (1,064,166)
Support services	764,846	38,439	29,085	(697,322)
Noninstructional services	87,303	-	-	(87,303)
Facilities acquisition and construction	115,932	-	-	(115,932)
Debt service	142,399	-	-	(142,399)
Nonprogrammed charges	10,977	-	-	(10,977)
Total governmental activities	<u>\$ 2,221,677</u>	<u>\$ 38,439</u>	<u>\$ 65,139</u>	<u>(2,118,099)</u>
General receipts:				
Property taxes				1,321,478
Other local sources				173,552
State aid				938,314
Grants and contributions not restricted to specific programs				229,800
Investment earnings				907
Total general receipts				<u>2,664,051</u>
Change in net assets				545,952
Net assets - beginning				<u>392,782</u>
Net assets - ending				<u>\$ 938,734</u>
<u>Assets</u>				
Cash and investments				\$ 937,260
Restricted assets:				
Cash and investments				<u>1,474</u>
Total assets				<u>\$ 938,734</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,474
Unrestricted				<u>937,260</u>
Total net assets				<u>\$ 938,734</u>

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,097,299	\$ -	\$ 38,074	\$ (1,059,225)
Support services	775,110	47,482	39,576	(688,052)
Noninstructional services	100,252	-	-	(100,252)
Facilities acquisition and construction	117,876	-	-	(117,876)
Debt service	762,799	-	-	(762,799)
Nonprogrammed charges	27,563	-	-	(27,563)
Total governmental activities	<u>\$ 2,880,899</u>	<u>\$ 47,482</u>	<u>\$ 77,650</u>	<u>(2,755,767)</u>
General receipts:				
Property taxes				1,043,669
Other local sources				193,754
State aid				1,454,073
Grants and contributions not restricted to specific programs				176,967
Investment earnings				1,157
Total general receipts				<u>2,869,620</u>
Change in net assets				113,853
Net assets - beginning				<u>938,734</u>
Net assets - ending				<u>\$ 1,052,587</u>
Assets				
Cash and investments				\$ 996,013
Restricted assets:				
Cash and investments				<u>56,574</u>
Total assets				<u>\$ 1,052,587</u>
Net Assets				
Restricted for:				
Debt service				\$ 56,574
Unrestricted				<u>996,013</u>
Total net assets				<u>\$ 1,052,587</u>

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
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	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 845,475	\$ -	\$ 310,471	\$ 239,832	\$ 138,136	\$ 1,533,914
Intermediate sources	461	-	-	-	-	461
State sources	948,458	-	-	-	34,890	983,348
Federal sources	-	-	-	-	249,906	249,906
Interfund loans	-	62,800	18,000	125,000	33,100	238,900
Total receipts	<u>1,794,394</u>	<u>62,800</u>	<u>328,471</u>	<u>364,832</u>	<u>456,032</u>	<u>3,006,529</u>
Disbursements:						
Current:						
Instruction	977,182	-	-	-	123,038	1,100,220
Support services	477,924	-	-	144,350	142,572	764,846
Noninstructional services	23,047	-	-	-	64,256	87,303
Facilities acquisition and construction	-	-	-	115,932	-	115,932
Debt services	-	-	142,399	-	-	142,399
Nonprogrammed charges	9,002	-	-	-	1,975	10,977
Interfund loans	103,000	73,100	-	40,000	22,800	238,900
Total disbursements	<u>1,590,155</u>	<u>73,100</u>	<u>142,399</u>	<u>300,282</u>	<u>354,641</u>	<u>2,460,577</u>
Excess (deficiency) of receipts over disbursements	<u>204,239</u>	<u>(10,300)</u>	<u>186,072</u>	<u>64,550</u>	<u>101,391</u>	<u>545,952</u>
Other financing sources (uses):						
Transfers in	29,321	-	-	-	27	29,348
Transfers out	(27)	-	(26,288)	-	(3,033)	(29,348)
Total other financing sources (uses)	<u>29,294</u>	<u>-</u>	<u>(26,288)</u>	<u>-</u>	<u>(3,006)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>233,533</u>	<u>(10,300)</u>	<u>159,784</u>	<u>64,550</u>	<u>98,385</u>	<u>545,952</u>
Cash and investments - beginning	<u>342,938</u>	<u>232,700</u>	<u>(158,310)</u>	<u>(63,120)</u>	<u>38,574</u>	<u>392,782</u>
Cash and investments - ending	<u>\$ 576,471</u>	<u>\$ 222,400</u>	<u>\$ 1,474</u>	<u>\$ 1,430</u>	<u>\$ 136,959</u>	<u>\$ 938,734</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 576,471	\$ 222,400	\$ -	\$ 1,430	\$ 136,959	\$ 937,260
Restricted assets:						
Cash and investments	-	-	1,474	-	-	1,474
Total cash and investment assets - ending	<u>\$ 576,471</u>	<u>\$ 222,400</u>	<u>\$ 1,474</u>	<u>\$ 1,430</u>	<u>\$ 136,959</u>	<u>\$ 938,734</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,474	\$ -	\$ -	\$ 1,474
Unrestricted	576,471	222,400	-	1,430	136,959	937,260
Total cash and investment fund balance - ending	<u>\$ 576,471</u>	<u>\$ 222,400</u>	<u>\$ 1,474</u>	<u>\$ 1,430</u>	<u>\$ 136,959</u>	<u>\$ 938,734</u>

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
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	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 390,005	\$ -	\$ 85,899	\$ 576,072	\$ 233,897	\$ 1,285,873
Intermediate sources	188	-	-	-	-	188
State sources	1,466,241	-	-	-	32,307	1,498,548
Federal sources	-	-	-	-	210,143	210,143
Interfund loans	103,000	41,385	-	-	31,985	176,370
Total receipts	1,959,434	41,385	85,899	576,072	508,332	3,171,122
Disbursements:						
Current:						
Instruction	897,262	30,764	-	-	169,273	1,097,299
Support services	456,300	7,623	-	113,856	197,331	775,110
Noninstructional services	34,596	839	-	-	64,817	100,252
Facilities acquisition and construction	-	47,994	-	69,882	-	117,876
Debt services	750,000	-	12,799	-	-	762,799
Nonprogrammed charges	25,838	-	-	-	1,725	27,563
Interfund loans	-	31,985	18,000	85,000	41,385	176,370
Total disbursements	2,163,996	119,205	30,799	268,738	474,531	3,057,269
Excess (deficiency) of receipts over disbursements	(204,562)	(77,820)	55,100	307,334	33,801	113,853
Other financing sources (uses):						
Transfers in	7,753	200,000	-	-	156	207,909
Transfers out	(200,000)	-	-	-	(7,909)	(207,909)
Total other financing sources (uses)	(192,247)	200,000	-	-	(7,753)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(396,809)	122,180	55,100	307,334	26,048	113,853
Cash and investments - beginning	576,471	222,400	1,474	1,430	136,959	938,734
Cash and investments - ending	\$ 179,662	\$ 344,580	\$ 56,574	\$ 308,764	\$ 163,007	\$ 1,052,587
Cash and Investment Assets - Ending						
Cash and investments	\$ 179,662	\$ 344,580	\$ -	\$ 308,764	\$ 163,007	\$ 996,013
Restricted assets:						
Cash and investments	-	-	56,574	-	-	56,574
Total cash and investment assets - ending	\$ 179,662	\$ 344,580	\$ 56,574	\$ 308,764	\$ 163,007	\$ 1,052,587
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 56,574	\$ -	\$ -	\$ 56,574
Unrestricted	179,662	344,580	-	308,764	163,007	996,013
Total cash and investment fund balance - ending	\$ 179,662	\$ 344,580	\$ 56,574	\$ 308,764	\$ 163,007	\$ 1,052,587

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 35,956	
Investment earnings:		
Interest	6,006	
Total additions	41,962	
Deductions:		
Administrative and general	33,522	
Excess of total additions over total deductions	8,440	
Cash and investment fund balance - beginning	240,259	
Cash and investment fund balance - ending	\$ 248,699	\$ 9,189
Net assets:		
Cash and investments	\$ 248,699	\$ 9,189
Total net assets - cash and investment basis held in trust	\$ 248,699	\$ 9,189

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 32,892	
Investment earnings:		
Interest	2,000	
Total additions	34,892	
Deductions:		
Administrative and general	63,642	
Deficiency of total additions over total deductions	(28,750)	
Cash and investment fund balance - beginning	248,699	
Cash and investment fund balance - ending	\$ 219,949	\$ 6,311
Net assets:		
Cash and investments	\$ 219,949	\$ 6,311
Total net assets - cash and investment basis held in trust	\$ 219,949	\$ 6,311

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
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: New Harmony Town and Township Consolidated Schools

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 in a joint venture to operate Posey County Special Services which was created to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education, but are not covered under the joint venture described below. The Posey County Special Services' continued existence depends on continued funding by the School Corporation. Complete financial statements for the Posey County Special Services can be obtained from Metropolitan School District of Mount Vernon, 1000 W. Fourth Street, Mount Vernon, IN 47620.

The School Corporation is a participant in a joint venture to operate Posey County/EVSC Special Services which was created to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education. The Posey County/EVSC Special Services' continued existence depends on continued funding by the School Corporation. Complete financial statements for the Posey County/EVSC Special Services can be obtained from the Evansville-Vanderburgh School Corporation, 1 Southeast 9th Street, Evansville, IN 47708.

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
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 Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the annual disbursement of scholarship funds to eligible students.

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.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental 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 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.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.
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.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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 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.

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

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$1,278,846.

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:

Transfer From	Transfer To	2009	2010
General Fund	Rainy Day Fund	\$ -	\$ 200,000
General Fund	Other Governmental Funds	27	-
Debt Service Fund	General Fund	26,288	-
Other Governmental Funds	General Fund	3,033	7,753
Other Governmental Funds	Other Governmental Funds	-	156
Totals		<u>\$ 29,348</u>	<u>\$ 207,909</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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters 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.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Pension Plan

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. 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 \$149,949.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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

	Transportation	Special Education Preschool	School Lunch	Textbook	Gifted/Talented 2008-09	School Technology	Vision Athena Grant
Receipts:							
Local sources	\$ 59,151	\$ 1,520	\$ 35,040	\$ 17,342	\$ -	\$ -	\$ -
State sources	-	1,375	3,391	4,213	25,911	-	-
Federal sources	-	-	21,481	-	-	-	-
Interfund loans	-	-	17,500	15,600	-	-	-
Total receipts	59,151	2,895	77,412	37,155	25,911	-	-
Disbursements:							
Current:							
Instruction	-	26	-	-	25,911	-	-
Support services	74,748	-	-	24,610	-	2,235	55
Noninstructional services	-	-	64,256	-	-	-	-
Nonprogrammed charges	-	1,975	-	-	-	-	-
Interfund loans	-	-	13,200	9,600	-	-	-
Total disbursements	74,748	2,001	77,456	34,210	25,911	2,235	55
Excess (deficiency) of receipts over disbursements	(15,597)	894	(44)	2,945	-	(2,235)	(55)
Other financing sources (uses):							
Transfers in	-	-	27	-	-	-	-
Transfers out	-	-	-	(3,033)	-	-	-
Total other financing sources (uses)	-	-	27	(3,033)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,597)	894	(17)	(88)	-	(2,235)	(55)
Cash and investments - beginning	22,508	6,569	102	96	-	2,235	1,418
Cash and investments - ending	\$ 6,911	\$ 7,463	\$ 85	\$ 8	\$ -	\$ -	\$ 1,363
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,911	\$ 7,463	\$ 85	\$ 8	\$ -	\$ -	\$ 1,363
Total cash and investment assets - ending	\$ 6,911	\$ 7,463	\$ 85	\$ 8	\$ -	\$ -	\$ 1,363
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 6,911	\$ 7,463	\$ 85	\$ 8	\$ -	\$ -	\$ 1,363
Total cash and investment fund balance - ending	\$ 6,911	\$ 7,463	\$ 85	\$ 8	\$ -	\$ -	\$ 1,363

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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 I 2008-09	Title I 2009-10	PL105-17 2008-09	PL105-17 2009-10	Title IV 2007-08	Title IV 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	25,096	2,500	40,000	-	-	521
Interfund loans	-	-	-	-	-	-
Total receipts	<u>25,096</u>	<u>2,500</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>521</u>
Disbursements:						
Current:						
Instruction	21,671	3,392	33,216	9,551	-	-
Support services	250	-	-	-	576	521
Noninstructional services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>21,921</u>	<u>3,392</u>	<u>33,216</u>	<u>9,551</u>	<u>576</u>	<u>521</u>
Excess (deficiency) of receipts over disbursements	<u>3,175</u>	<u>(892)</u>	<u>6,784</u>	<u>(9,551)</u>	<u>(576)</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,175</u>	<u>(892)</u>	<u>6,784</u>	<u>(9,551)</u>	<u>(576)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>892</u>	<u>-</u>	<u>9,551</u>	<u>576</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment assets - ending	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment fund balance - ending	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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 2008-09	Reap Grant 2010-11	Reap Grant 2008-10	Fiscal Stabilization	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 25,083	\$ 138,136
State sources	-	-	-	-	-	34,890
Federal sources	7,532	14,889	5,677	132,210	-	249,906
Interfund loans	-	-	-	-	-	33,100
Total receipts	7,532	14,889	5,677	132,210	25,083	456,032
Disbursements:						
Current:						
Instruction	-	-	-	29,271	-	123,038
Support services	7,532	14,889	5,677	11,479	-	142,572
Noninstructional services	-	-	-	-	-	64,256
Nonprogrammed charges	-	-	-	-	-	1,975
Interfund loans	-	-	-	-	-	22,800
Total disbursements	7,532	14,889	5,677	40,750	-	354,641
Excess (deficiency) of receipts over disbursements	-	-	-	91,460	25,083	101,391
Other financing sources (uses):						
Transfers in	-	-	-	-	-	27
Transfers out	-	-	-	-	-	(3,033)
Total other financing sources (uses)	-	-	-	-	-	(3,006)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	91,460	25,083	98,385
Cash and investments - beginning	-	-	-	-	(5,373)	38,574
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 91,460	\$ 19,710	\$ 136,959
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 91,460	\$ 19,710	\$ 136,959
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 91,460	\$ 19,710	\$ 136,959
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ -	\$ 91,460	\$ 19,710	\$ 136,959
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 91,460	\$ 19,710	\$ 136,959

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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

	Transportation	Special Education Preschool	School Lunch	Textbook	Gifted/Talented 2009-10	School Technology
Receipts:						
Local sources	\$ 121,865	\$ 640	\$ 41,419	\$ 12,876	\$ -	\$ -
State sources	-	1,375	-	5,025	25,907	-
Federal sources	-	-	34,551	-	-	-
Interfund loans	-	-	8,560	23,425	-	-
Total receipts	121,865	2,015	84,530	41,326	25,907	-
Disbursements:						
Current:						
Instruction	-	-	-	-	25,907	-
Support services	68,304	-	-	18,628	-	-
Noninstructional services	-	-	64,817	-	-	-
Nonprogrammed charges	-	1,725	-	-	-	-
Interfund loans	-	-	18,660	22,725	-	-
Total disbursements	68,304	1,725	83,477	41,353	25,907	-
Excess (deficiency) of receipts over disbursements	53,561	290	1,053	(27)	-	-
Other financing sources (uses):						
Transfers in	-	-	-	156	-	-
Transfers out	-	(7,753)	(156)	-	-	-
Total other financing sources (uses)	-	(7,753)	(156)	156	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	53,561	(7,463)	897	129	-	-
Cash and investments - beginning	6,911	7,463	85	8	-	-
Cash and investments - ending	<u>\$ 60,472</u>	<u>\$ -</u>	<u>\$ 982</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 60,472	\$ -	\$ 982	\$ 137	\$ -	\$ -
Total cash and investment assets - ending	<u>\$ 60,472</u>	<u>\$ -</u>	<u>\$ 982</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 60,472	\$ -	\$ 982	\$ 137	\$ -	\$ -
Total cash and investment fund balance - ending	<u>\$ 60,472</u>	<u>\$ -</u>	<u>\$ 982</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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)

	Community Service	Vision Athena Grant	Title I 2008-09	Title I 2009-10	Title V 2007-08	PL105-17 2008-09
Receipts:						
Local sources	\$ 2,650	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	26,205	114	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>2,650</u>	<u>-</u>	<u>-</u>	<u>26,205</u>	<u>114</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	3,175	25,940	-	6,784
Support services	-	-	-	265	114	-
Noninstructional services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,175</u>	<u>26,205</u>	<u>114</u>	<u>6,784</u>
Excess (deficiency) of receipts over disbursements	<u>2,650</u>	<u>-</u>	<u>(3,175)</u>	<u>-</u>	<u>-</u>	<u>(6,784)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,650</u>	<u>-</u>	<u>(3,175)</u>	<u>-</u>	<u>-</u>	<u>(6,784)</u>
Cash and investments - beginning	<u>-</u>	<u>1,363</u>	<u>3,175</u>	<u>-</u>	<u>-</u>	<u>6,784</u>
Cash and investments - ending	<u>\$ 2,650</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 2,650</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment assets - ending	<u>\$ 2,650</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 2,650</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment fund balance - ending	<u>\$ 2,650</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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)

	PL105-17 2009-10	Title IV 2009-10	Title II Part A 2009-10	Reap Grant 2010-11	Fiscal Stabilization
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	38,239	595	7,625	32,361	32,393
Interfund loans	-	-	-	-	-
Total receipts	<u>38,239</u>	<u>595</u>	<u>7,625</u>	<u>32,361</u>	<u>32,393</u>
Disbursements:					
Current:					
Instruction	28,530	-	-	-	78,937
Support services	-	472	5,260	32,361	44,916
Noninstructional services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Interfund loans	-	-	-	-	-
Total disbursements	<u>28,530</u>	<u>472</u>	<u>5,260</u>	<u>32,361</u>	<u>123,853</u>
Excess (deficiency) of receipts over disbursements	<u>9,709</u>	<u>123</u>	<u>2,365</u>	<u>-</u>	<u>(91,460)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,709	123	2,365	-	(91,460)
Cash and investments - beginning	-	-	-	-	91,460
Cash and investments - ending	<u>\$ 9,709</u>	<u>\$ 123</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 9,709</u>	<u>\$ 123</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment assets - ending	<u>\$ 9,709</u>	<u>\$ 123</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 9,709</u>	<u>\$ 123</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment fund balance - ending	<u>\$ 9,709</u>	<u>\$ 123</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 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)

	Title I ARRA	Special Education Part B ARRA	Special Education Preschool-Part B ARRA	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 54,447	\$ 233,897
State sources	-	-	-	-	32,307
Federal sources	14,030	22,651	1,379	-	210,143
Interfund loans	-	-	-	-	31,985
Total receipts	14,030	22,651	1,379	54,447	508,332
Disbursements:					
Current:					
Instruction	-	-	-	-	169,273
Support services	7,015	18,617	1,379	-	197,331
Noninstructional services	-	-	-	-	64,817
Nonprogrammed charges	-	-	-	-	1,725
Interfund loans	-	-	-	-	41,385
Total disbursements	7,015	18,617	1,379	-	474,531
Excess (deficiency) of receipts over disbursements	7,015	4,034	-	54,447	33,801
Other financing sources (uses):					
Transfers in	-	-	-	-	156
Transfers out	-	-	-	-	(7,909)
Total other financing sources (uses)	-	-	-	-	(7,753)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,015	4,034	-	54,447	26,048
Cash and investments - beginning	-	-	-	19,710	136,959
Cash and investments - ending	<u>\$ 7,015</u>	<u>\$ 4,034</u>	<u>\$ -</u>	<u>\$ 74,157</u>	<u>\$ 163,007</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 7,015</u>	<u>\$ 4,034</u>	<u>\$ -</u>	<u>\$ 74,157</u>	<u>\$ 163,007</u>
Total cash and investment assets - ending	<u>\$ 7,015</u>	<u>\$ 4,034</u>	<u>\$ -</u>	<u>\$ 74,157</u>	<u>\$ 163,007</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 7,015</u>	<u>\$ 4,034</u>	<u>\$ -</u>	<u>\$ 74,157</u>	<u>\$ 163,007</u>
Total cash and investment fund balance - ending	<u>\$ 7,015</u>	<u>\$ 4,034</u>	<u>\$ -</u>	<u>\$ 74,157</u>	<u>\$ 163,007</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Johnson Estate Scholarship	Ropp Scholarship	Amanda McKaig Martin Scholarship	Gift	Blaffer Young Authors Grant	Posey County Adult Literacy	Junior Docent	Kidz Klub 02-03	Blaffer Grant	Totals
Additions:										
Contributions:										
Other	\$ -	\$ 600	\$ -	\$ 12,956	\$ 2,400	\$ -	\$ -	\$ -	\$ 20,000	\$ 35,956
Investment earnings:										
Interest	4,367	1,322	317	-	-	-	-	-	-	6,006
Total additions	4,367	1,922	317	12,956	2,400	-	-	-	20,000	41,962
Deductions:										
Administrative and general	2,009	-	300	7,770	2,400	2,127	2,317	172	16,427	33,522
Excess (deficiency) of total additions over total deductions	2,358	1,922	17	5,186	-	(2,127)	(2,317)	(172)	3,573	8,440
Cash and investment fund balance - beginning	167,888	26,074	8,223	21,367	-	14,218	2,317	172	-	240,259
Cash and investments - June 30	<u>\$ 170,246</u>	<u>\$ 27,996</u>	<u>\$ 8,240</u>	<u>\$ 26,553</u>	<u>\$ -</u>	<u>\$ 12,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,573</u>	<u>\$ 248,699</u>
Net assets:										
Cash and investments	<u>\$ 170,246</u>	<u>\$ 27,996</u>	<u>\$ 8,240</u>	<u>\$ 26,553</u>	<u>\$ -</u>	<u>\$ 12,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,573</u>	<u>\$ 248,699</u>
Total net assets - cash and investment basis held in trust	<u>\$ 170,246</u>	<u>\$ 27,996</u>	<u>\$ 8,240</u>	<u>\$ 26,553</u>	<u>\$ -</u>	<u>\$ 12,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,573</u>	<u>\$ 248,699</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Johnson Estate Scholarship	Ropp Scholarship	Amanda McKaig Martin Scholarship	Gift	Blaffer Young Authors Grant	Posey County Adult Literacy	Blaffer Grant	Totals
Additions:								
Contributions:								
Other	\$ -	\$ 160	\$ -	\$ 13,232	\$ 1,500	\$ -	\$ 18,000	\$ 32,892
Investment earnings:								
Interest	1,536	120	58	286	-	-	-	2,000
Total additions	1,536	280	58	13,518	1,500	-	18,000	34,892
Deductions:								
Administrative and general	2,010	2,000	-	35,349	1,500	3,980	18,803	63,642
Excess (deficiency) of total additions over total deductions	(474)	(1,720)	58	(21,831)	-	(3,980)	(803)	(28,750)
Cash and investment fund balance - beginning	170,246	27,996	8,240	26,553	-	12,091	3,573	248,699
Cash and Investments - June 30	<u>\$ 169,772</u>	<u>\$ 26,276</u>	<u>\$ 8,298</u>	<u>\$ 4,722</u>	<u>\$ -</u>	<u>\$ 8,111</u>	<u>\$ 2,770</u>	<u>\$ 219,949</u>
Net assets:								
Cash and investments	\$ 169,772	\$ 26,276	\$ 8,298	\$ 4,722	\$ -	\$ 8,111	\$ 2,770	\$ 219,949
Total net assets - cash and investment basis held in trust	<u>\$ 169,772</u>	<u>\$ 26,276</u>	<u>\$ 8,298</u>	<u>\$ 4,722</u>	<u>\$ -</u>	<u>\$ 8,111</u>	<u>\$ 2,770</u>	<u>\$ 219,949</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Withholdings</u>	<u>Prepaid Lunch</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 386,322	\$ 37,721	\$ 424,043
Deductions:			
Agency fund deductions	<u>387,986</u>	<u>34,411</u>	<u>422,397</u>
Excess (deficiency) of total additions over total deductions	(1,664)	3,310	1,646
Cash and investment fund balance - beginning	<u>7,090</u>	<u>453</u>	<u>7,543</u>
Cash and investment fund balance - ending	<u>\$ 5,426</u>	<u>\$ 3,763</u>	<u>\$ 9,189</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Payroll Withholdings	Prepaid Lunch	Totals
Additions:			
Agency fund additions	\$ 369,845	\$ 31,956	\$ 401,801
Deductions:			
Agency fund deductions	369,772	34,907	404,679
Excess (deficiency) of total additions over total deductions	73	(2,951)	(2,878)
Cash and investment fund balance - beginning	5,426	3,763	9,189
Cash and investment fund balance - ending	\$ 5,499	\$ 812	\$ 6,311

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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:	
Buildings	\$ 3,813,820
Improvements other than buildings	566,440
Machinery and equipment	<u>273,889</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,654,149</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
EXAMINATION RESULTS AND COMMENTS

CAPITAL PROJECTS FUND USES

Funds were disbursed from the Capital Projects Fund for garbage collection services.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TEXTBOOK RENTAL INTERNAL CONTROLS

Weaknesses exist in the receipting cycle because prescribed or approved forms are not used. Audit trails are not complete in some instances. The software system used for the textbook accounting yields reports that do not agree. The Treasurer prepares spreadsheets to determine proper classification of textbook collections in order to track proper billing and application of receipts. The Textbook Rental Fund would have a deficit balance if transfers from other funds were not made. An inventory process has now been instituted so control is improving but not yet adequate as prescribed.

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)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Fund Ledger and Ledger of Receipts, Form 508
Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances, Form 512
Teacher's Service Record, Form 514
Employee's Service Record, Form 99A
Employee's Earnings Record, Form 99B
Official Receipt - Individual Textbook Rental List, Form TBR -2
Certification of Meals Provided Per Home Rule, Form SF-1
Daily Record of Cash Received, Form SF-2
Daily Record of Meals/Milk Served, Form SF-2A
Cash Disbursements and Fund Balance, Form SF-3
Ledger of Receipts, Disbursements and Balances, Form SF-4
Equipment Inventory, Form SF-6
Food Inventory, Form SF-7

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
EXAMINATION RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - SOFTWARE DEFICIENCIES
(Applies to Extra-Curricular Accounts and Textbook Fund)

Controls for records generated by the Extra-Curricular Account (ECA) software system are insufficient. The same software is also used for the textbook billing and receiving of textbook rental payments and fees.

- (1) The Vendor has 24 hour on-line access and makes changes to the system without the School Corporation's knowledge.
- (2) No authorization is provided by the School Corporation for the changes made and no log of changes or updates are maintained.
- (3) User passwords are not changed because the software does not require password changes to occur.
- (4) Audit trails do not exist for all information entered into the system.
- (5) The reconciliation cycle on the software omits some items. The software verifies that the bank transactions agree to the transactions in the reconciliation report, but does not produce a complete, reliable reconciliation. The ECA Treasurer has to investigate discrepancies outside the software in order to obtain an accurate reconciliation.

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) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2011, with Fran Thoele, Superintendent of Schools; Paula Schmitt, Treasurer; and Brenda S. Butman, School Board member. The officials concurred with our findings.