

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTH NEWTON SCHOOL CORPORATION  
NEWTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
04/29/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Zackfia	07-01-12 to 06-30-16
Superintendent of Schools	Brian Smith Dr. Robert Boyd Destin Haas	07-01-12 to 06-30-13 07-01-13 to 11-01-14 11-02-14 to 06-30-16
President of the School Board	Nathan Gibson Michael Russell	07-01-12 to 12-31-15 01-01-16 to 12-31-16



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the North Newton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2016, 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* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 9, 2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the financial statement of the North Newton School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 9, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 9, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,299,795	\$ 9,544,853	\$ 9,535,667	\$ (85,706)	\$ 1,223,275	\$ 9,351,179	\$ 9,381,396	\$ (65,126)	\$ 1,127,932
Debt Service	1,143,946	2,354,380	2,370,992	(20,890)	1,106,444	2,997,909	2,908,946	(23,124)	1,172,283
Retirement/Severance Bond Debt Service	171,836	301,096	299,245	-	173,687	297,086	299,107	-	171,666
Capital Projects	348,819	2,028,792	1,848,141	(59,518)	469,952	2,386,839	2,547,376	871	310,286
School Transportation	863,144	1,467,007	1,237,073	(365,139)	727,939	1,279,022	1,043,179	(330,000)	633,782
School Bus Replacement	259,943	188,004	254,707	-	193,240	218,095	264,110	-	147,225
Rainy Day	465,045	72,994	387,856	450,000	600,183	28,306	450,910	360,000	537,579
Construction Fund 2013	-	-	-	-	-	-	435,467	1,572,302	1,136,835
School Lunch	327,745	670,517	761,855	163	236,570	634,154	681,615	38	189,147
Textbook Rental	42,175	154,533	156,332	20,890	61,266	143,381	172,277	23,124	55,494
Self-Insurance	1,038	-	-	-	1,038	-	-	-	1,038
Levy Excess	-	24,696	-	(24,696)	-	-	-	-	-
Judgments	278,012	-	-	-	278,012	-	-	-	278,012
Educational License Plates	8,606	113	-	-	8,719	56	-	-	8,775
Alternative Education	43,545	32,196	105,180	60,000	30,561	25,080	42,221	10,000	23,420
Donation After School Corp.	-	-	-	-	-	100	100	-	-
Donation Supplies	-	-	-	-	-	250	250	-	-
Donation Special Education	672	-	309	-	363	-	363	-	-
Donations Newton County STEP AHEAD	329	-	-	-	329	-	-	-	329
Donations CPR Class	40	-	-	-	40	-	-	-	40
Donations Equipment	-	-	-	-	-	10,610	2,870	-	7,740
Donations Library Books MOR	-	-	-	-	-	750	750	-	-
Donations Enviromental MOR	21	-	-	-	21	-	21	-	-
Donations Trees MOR	5	-	-	-	5	-	5	-	-
Donations Exxon Supplies MOR	500	500	972	-	28	500	-	-	528
Donations Artist MOR	134	-	-	-	134	-	55	-	79
Donations Robotics MOR	1,605	100	698	-	1,007	1,325	660	-	1,672
Donations Transportation MOR	-	148	148	-	-	271	271	-	-
Donation Grade 4 Supplies MOR	-	-	-	-	-	200	200	-	-
Donations Healthy Kids LV	326	-	-	-	326	-	-	-	326
Donations Library Books LV	2,364	-	2,037	-	327	-	-	-	327
Donations Software LV	-	-	-	-	-	1,250	1,250	-	-
Donations Class Supplies LV	53	-	-	-	53	-	53	-	-
Donation Purdue Convocation	-	-	-	-	-	332	332	-	-

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

NORTH NEWTON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Donations Target LIN	40	48	-	-	88	44	132	-	-
Donations No Excuses U LIN	500	-	415	-	85	-	85	-	-
Donations Purdue Convocations LIN	-	485	485	-	-	-	-	-	-
Donations Instructional LIN	79	-	-	-	79	-	79	-	-
Donations Reading Books NNJSHS	631	-	-	-	631	-	-	-	631
Donations Technology NNJSHS	-	13,468	13,250	-	218	-	-	-	218
Donations Science Labs NNJSHS	5,003	-	966	-	4,037	-	-	-	4,037
Donations Chemistry Labs NNJSHS	200	-	-	-	200	-	-	-	200
Donations Calculators NNJSHS	69	-	-	-	69	-	69	-	-
Donations FACS NNJSHS	4,052	-	3,198	-	854	-	-	-	854
Donations Newton Found NNJSHS	-	1,500	1,500	-	-	-	-	-	-
Donations Athletics NNJSHS	-	2,000	2,000	-	-	-	-	-	-
Donation Drama Equipment	-	-	-	-	-	6,000	5,700	-	300
Instruction Support	-	3,077	2,773	-	304	1,519	1,055	-	768
Intruccion Support NWISWD Grant MOR	-	-	-	-	-	1,517	1,510	-	7
Step Ahead	3,066	10,015	10,080	-	3,001	3,268	5,064	-	1,205
Medicaid Reimbursement	-	4,281	-	(4,281)	-	3,317	-	(3,317)	-
Non-English Speaking 12-13	-	3,488	3,488	-	-	-	-	-	-
School Technology	123	4,839	3,646	-	1,316	3,661	3,665	-	1,312
Technology Grants [IC 20-40-15]	24,045	3,493	45,198	32,030	14,370	2,973	67,476	59,780	9,647
Miscellaneous Programs	130	-	-	-	130	-	-	-	130
Title 1 11-12	(7,937)	41,436	33,499	-	-	-	-	-	-
Title 1 12-13	-	135,172	144,586	-	(9,414)	40,847	31,433	-	-
Title 1 13-14	-	-	-	-	-	112,471	118,349	-	(5,878)
Special Ed Improvement Grant	-	67,726	67,726	-	-	-	-	-	-
IDEA 2013	-	-	-	-	-	62,582	62,582	-	-
Medicaid Reimbursement - Federal	13,260	7,959	5,579	-	15,640	6,179	6,247	-	15,572
Title II Part A 12-13	-	68,443	66,400	(2,043)	-	-	-	-	-
Title II Part A 13-14	-	-	-	-	-	53,475	56,146	-	(2,671)
Education Jobs	(16,808)	58,013	41,205	-	-	-	-	-	-
Prepaid Lunch	999	275,365	276,147	-	217	258,492	258,072	-	637
Payroll Withholdings	-	2,426,448	2,426,448	-	-	2,461,434	2,461,434	-	-
<b>Totals</b>	<b>\$ 5,287,150</b>	<b>\$ 19,967,185</b>	<b>\$ 20,109,801</b>	<b>\$ 810</b>	<b>\$ 5,145,344</b>	<b>\$ 20,394,474</b>	<b>\$ 21,312,882</b>	<b>\$ 1,604,548</b>	<b>\$ 5,831,484</b>

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

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services include outflows for food service operations and community service operations.

Facilities acquisition and construction includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding

NORTH NEWTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the reimbursements for federal grant expenditures which were not received by June 30, 2013 or 2014.

**Note 8. 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 ended June 30, 2013 and 2014, totaled \$555,000 each year.

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 during the years ended June 30, 2013 and 2014, totaled \$1,281,000 and \$1,280,500, respectively.

The School Corporation has entered into a capital lease with the North Newton 2011 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 ended June 30, 2013 and 2014, totaled \$14,000 and \$14,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2013	School Lunch
Cash and investments - beginning	\$ 1,299,795	\$ 1,143,946	\$ 171,836	\$ 348,819	\$ 863,144	\$ 259,943	\$ 465,045	\$ -	\$ 327,745
Receipts:									
Local sources	179,791	1,924,380	301,096	1,382,470	1,267,007	188,004	72,994	-	282,886
Intermediate sources	13,317	-	-	-	-	-	-	-	-
State sources	9,331,732	-	-	-	-	-	-	-	7,783
Federal sources	-	-	-	-	-	-	-	-	379,848
Temporary loans	-	-	-	15,272	-	-	-	-	-
Interfund loans	-	430,000	-	630,000	200,000	-	-	-	-
Other	20,013	-	-	1,050	-	-	-	-	-
Total receipts	9,544,853	2,354,380	301,096	2,028,792	1,467,007	188,004	72,994	-	670,517
Disbursements:									
Current:									
Instruction	6,390,349	-	-	-	-	-	-	-	-
Support services	3,009,356	-	-	665,330	1,020,936	254,707	-	-	9
Noninstructional services	135,962	-	-	-	-	-	-	-	735,806
Facilities acquisition and construction	-	-	-	552,811	16,137	-	387,856	-	26,040
Debt services	-	1,940,992	299,245	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	430,000	-	630,000	200,000	-	-	-	-
Total disbursements	9,535,667	2,370,992	299,245	1,848,141	1,237,073	254,707	387,856	-	761,855
Excess (deficiency) of receipts over disbursements	9,186	(16,612)	1,851	180,651	229,934	(66,703)	(314,862)	-	(91,338)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	482	165	-	-	-	163
Transfers in	6,324	-	-	-	24,696	-	450,000	-	-
Transfers out	(92,030)	(20,890)	-	(60,000)	(390,000)	-	-	-	-
Total other financing sources (uses)	(85,706)	(20,890)	-	(59,518)	(365,139)	-	450,000	-	163
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(76,520)	(37,502)	1,851	121,133	(135,205)	(66,703)	135,138	-	(91,175)
Cash and investments - ending	\$ 1,223,275	\$ 1,106,444	\$ 173,687	\$ 469,952	\$ 727,939	\$ 193,240	\$ 600,183	\$ -	\$ 236,570

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Judgments	Educational License Plates	Alternative Education	Donation After School Corp.	Donation Supplies	Donation Special Education
Cash and investments - beginning	\$ 42,175	\$ 1,038	\$ -	\$ 278,012	\$ 8,606	\$ 43,545	\$ -	\$ -	\$ 672
Receipts:									
Local sources	102,059	-	24,696	-	-	27,730	-	-	-
Intermediate sources	-	-	-	-	113	-	-	-	-
State sources	52,474	-	-	-	-	4,466	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	154,533	-	24,696	-	113	32,196	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	92,292	-	-	309
Support services	156,332	-	-	-	-	11,638	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,250	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	156,332	-	-	-	-	105,180	-	-	309
Excess (deficiency) of receipts over disbursements	(1,799)	-	24,696	-	113	(72,984)	-	-	(309)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	20,890	-	-	-	-	60,000	-	-	-
Transfers out	-	-	(24,696)	-	-	-	-	-	-
Total other financing sources (uses)	20,890	-	(24,696)	-	-	60,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,091	-	-	-	113	(12,984)	-	-	(309)
Cash and investments - ending	\$ 61,266	\$ 1,038	\$ -	\$ 278,012	\$ 8,719	\$ 30,561	\$ -	\$ -	\$ 363

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Donations Newton County STEP AHEAD	Donations CPR Class	Donations Equipment	Donations Library Books MOR	Donations Enviromental MOR	Donations Trees MOR	Donations Exxon Supplies MOR	Donations Artist MOR	Donations Robotics MOR
Cash and investments - beginning	\$ 329	\$ 40	\$ -	\$ -	\$ 21	\$ 5	\$ 500	\$ 134	\$ 1,605
Receipts:									
Local sources	-	-	-	-	-	-	500	-	100
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	500	-	100
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	972	-	698
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	972	-	698
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(472)	-	(598)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(472)	-	(598)
Cash and investments - ending	\$ 329	\$ 40	\$ -	\$ -	\$ 21	\$ 5	\$ 28	\$ 134	\$ 1,007

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Donations Transportation MOR	Donation Grade 4 Supplies MOR	Donations Healthy Kids LV	Donations Library Books LV	Donations Software LV	Donations Class Supplies LV	Donation Purdue Convocation	Donations Target LIN
Cash and investments - beginning	\$ -	\$ -	\$ 326	\$ 2,364	\$ -	\$ 53	\$ -	\$ 40
Receipts:								
Local sources	148	-	-	-	-	-	-	48
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	148	-	-	-	-	-	-	48
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	148	-	-	2,037	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	148	-	-	2,037	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(2,037)	-	-	-	48
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,037)	-	-	-	48
Cash and investments - ending	\$ -	\$ -	\$ 326	\$ 327	\$ -	\$ 53	\$ -	\$ 88

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Donations No Excuses U LIN	Donations Purdue Convocations LIN	Donations Instructional LIN	Donations Reading Books NNJSHS	Donations Technology NNJSHS	Donations Science Labs NNJSHS	Donations Chemistry Labs NNJSHS	Donations Calculators NNJSHS
Cash and investments - beginning	\$ 500	\$ -	\$ 79	\$ 631	\$ -	\$ 5,003	\$ 200	\$ 69
Receipts:								
Local sources	-	485	-	-	13,468	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	485	-	-	13,468	-	-	-
Disbursements:								
Current:								
Instruction	415	-	-	-	-	966	-	-
Support services	-	485	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	13,250	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	415	485	-	-	13,250	966	-	-
Excess (deficiency) of receipts over disbursements	(415)	-	-	-	218	(966)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(415)	-	-	-	218	(966)	-	-
Cash and investments - ending	\$ 85	\$ -	\$ 79	\$ 631	\$ 218	\$ 4,037	\$ 200	\$ 69

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Donations FACS NNJSHS	Donations Newton Found NNJSHS	Donations Athletics NNJSHS	Donation Drama Equipment	Instruction Support	Instruction Support NWISWD Grant MOR	Step Ahead	Medicaid Reimbursement
Cash and investments - beginning	\$ 4,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,066	\$ -
Receipts:								
Local sources	-	1,500	2,000	-	3,077	-	10,015	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	4,281
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,500	2,000	-	3,077	-	10,015	4,281
Disbursements:								
Current:								
Instruction	3,198	1,500	-	-	-	-	-	-
Support services	-	-	-	-	2,773	-	-	-
Noninstructional services	-	-	-	-	-	-	10,080	-
Facilities acquisition and construction	-	-	2,000	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	3,198	1,500	2,000	-	2,773	-	10,080	-
Excess (deficiency) of receipts over disbursements	(3,198)	-	-	-	304	-	(65)	4,281
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(4,281)
Total other financing sources (uses)	-	-	-	-	-	-	-	(4,281)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,198)	-	-	-	304	-	(65)	-
Cash and investments - ending	\$ 854	\$ -	\$ -	\$ -	\$ 304	\$ -	\$ 3,001	\$ -

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Non-English Speaking 12-13	School Technology	Technology Grants [IC 20-40-15]	Miscellaneous Programs	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed Improvement Grant
Cash and investments - beginning	\$ -	\$ 123	\$ 24,045	\$ 130	\$ (7,937)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	3,493	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,488	4,839	-	-	-	-	-	67,726
Federal sources	-	-	-	-	41,436	135,172	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>3,488</u>	<u>4,839</u>	<u>3,493</u>	<u>-</u>	<u>41,436</u>	<u>135,172</u>	<u>-</u>	<u>67,726</u>
Disbursements:								
Current:								
Instruction	3,488	-	-	-	33,499	144,326	-	67,726
Support services	-	3,646	45,198	-	-	-	-	-
Noninstructional services	-	-	-	-	-	260	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>3,488</u>	<u>3,646</u>	<u>45,198</u>	<u>-</u>	<u>33,499</u>	<u>144,586</u>	<u>-</u>	<u>67,726</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,193</u>	<u>(41,705)</u>	<u>-</u>	<u>7,937</u>	<u>(9,414)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	32,030	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>32,030</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>-</u>	<u>1,193</u>	<u>(9,675)</u>	<u>-</u>	<u>7,937</u>	<u>(9,414)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,316</u>	<u>\$ 14,370</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ (9,414)</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	IDEA 2013	Medicaid Reimbursement - Federal	Title II Part A 12-13	Title II Part A 13-14	Education Jobs	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 13,260	\$ -	\$ -	\$ (16,808)	\$ 999	\$ -	\$ 5,287,150
Receipts:								
Local sources	-	-	-	-	-	-	-	5,787,947
Intermediate sources	-	-	-	-	-	-	-	13,430
State sources	-	-	-	-	-	-	-	9,476,789
Federal sources	-	7,959	68,443	-	58,013	-	-	690,871
Temporary loans	-	-	-	-	-	-	-	15,272
Interfund loans	-	-	-	-	-	-	-	1,260,000
Other	-	-	-	-	-	275,365	2,426,448	2,722,876
Total receipts	-	7,959	68,443	-	58,013	275,365	2,426,448	19,967,185
Disbursements:								
Current:								
Instruction	-	4,758	66,400	-	41,205	-	-	6,852,101
Support services	-	821	-	-	-	-	-	5,173,416
Noninstructional services	-	-	-	-	-	-	-	882,108
Facilities acquisition and construction	-	-	-	-	-	-	-	999,344
Debt services	-	-	-	-	-	-	-	2,240,237
Nonprogrammed charges	-	-	-	-	-	276,147	2,426,448	2,702,595
Interfund loans	-	-	-	-	-	-	-	1,260,000
Total disbursements	-	5,579	66,400	-	41,205	276,147	2,426,448	20,109,801
Excess (deficiency) of receipts over disbursements	-	2,380	2,043	-	16,808	(782)	-	(142,616)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	810
Transfers in	-	-	-	-	-	-	-	593,940
Transfers out	-	-	(2,043)	-	-	-	-	(593,940)
Total other financing sources (uses)	-	-	(2,043)	-	-	-	-	810
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,380	-	-	16,808	(782)	-	(141,806)
Cash and investments - ending	\$ -	\$ 15,640	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ 5,145,344

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2013	School Lunch
Cash and investments - beginning	\$ 1,223,275	\$ 1,106,444	\$ 173,687	\$ 469,952	\$ 727,939	\$ 193,240	\$ 600,183	\$ -	\$ 236,570
Receipts:									
Local sources	148,497	2,047,909	297,086	1,413,149	1,275,377	218,095	28,306	-	260,793
Intermediate sources	13,317	-	-	-	-	-	-	-	-
State sources	9,189,040	-	-	-	-	-	-	-	7,208
Federal sources	-	-	-	-	-	-	-	-	366,153
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	950,000	-	950,000	-	-	-	-	-
Other	325	-	-	23,690	3,645	-	-	-	-
Total receipts	9,351,179	2,997,909	297,086	2,386,839	1,279,022	218,095	28,306	-	634,154
Disbursements:									
Current:									
Instruction	6,301,751	-	-	-	-	-	-	-	-
Support services	2,937,160	-	-	775,248	1,028,300	264,110	-	-	-
Noninstructional services	142,485	-	-	-	-	-	-	-	680,823
Facilities acquisition and construction	-	-	-	822,128	14,879	-	450,910	435,467	792
Debt services	-	1,958,946	299,107	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	950,000	-	950,000	-	-	-	-	-
Total disbursements	9,381,396	2,908,946	299,107	2,547,376	1,043,179	264,110	450,910	435,467	681,615
Excess (deficiency) of receipts over disbursements	(30,217)	88,963	(2,021)	(160,537)	235,843	(46,015)	(422,604)	(435,467)	(47,461)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	1,572,302	-
Sale of capital assets	1,337	-	-	30,871	-	-	-	-	38
Transfers in	3,317	-	-	-	-	-	360,000	-	-
Transfers out	(69,780)	(23,124)	-	(30,000)	(330,000)	-	-	-	-
Total other financing sources (uses)	(65,126)	(23,124)	-	871	(330,000)	-	360,000	1,572,302	38
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(95,343)	65,839	(2,021)	(159,666)	(94,157)	(46,015)	(62,604)	1,136,835	(47,423)
Cash and investments - ending	\$ 1,127,932	\$ 1,172,283	\$ 171,666	\$ 310,286	\$ 633,782	\$ 147,225	\$ 537,579	\$ 1,136,835	\$ 189,147

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Judgments	Educational License Plates	Alternative Education	Donation After School Corp.	Donation Supplies	Donation Special Education
Cash and investments - beginning	\$ 61,266	\$ 1,038	\$ -	\$ 278,012	\$ 8,719	\$ 30,561	\$ -	\$ -	\$ 363
Receipts:									
Local sources	91,824	-	-	-	-	19,378	100	250	-
Intermediate sources	-	-	-	-	56	-	-	-	-
State sources	51,557	-	-	-	-	5,702	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	143,381	-	-	-	56	25,080	100	250	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	42,221	-	250	363
Support services	172,277	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	100	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	172,277	-	-	-	-	42,221	100	250	363
Excess (deficiency) of receipts over disbursements	(28,896)	-	-	-	56	(17,141)	-	-	(363)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	23,124	-	-	-	-	10,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	23,124	-	-	-	-	10,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,772)	-	-	-	56	(7,141)	-	-	(363)
Cash and investments - ending	\$ 55,494	\$ 1,038	\$ -	\$ 278,012	\$ 8,775	\$ 23,420	\$ -	\$ -	\$ -

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donations Newton County STEP AHEAD	Donations CPR Class	Donations Equipment	Donations Library Books MOR	Donations Enviromental MOR	Donations Trees MOR	Donations Exxon Supplies MOR	Donations Artist MOR	Donations Robotics MOR
Cash and investments - beginning	\$ 329	\$ 40	\$ -	\$ -	\$ 21	\$ 5	\$ 28	\$ 134	\$ 1,007
Receipts:									
Local sources	-	-	10,610	750	-	-	500	-	1,325
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	10,610	750	-	-	500	-	1,325
Disbursements:									
Current:									
Instruction	-	-	-	-	21	5	-	55	660
Support services	-	-	2,870	750	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,870	750	21	5	-	55	660
Excess (deficiency) of receipts over disbursements	-	-	7,740	-	(21)	(5)	500	(55)	665
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,740	-	(21)	(5)	500	(55)	665
Cash and investments - ending	\$ 329	\$ 40	\$ 7,740	\$ -	\$ -	\$ -	\$ 528	\$ 79	\$ 1,672

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donations Transportation MOR	Donation Grade 4 Supplies MOR	Donations Healthy Kids LV	Donations Library Books LV	Donations Software LV	Donations Class Supplies LV	Donation Purdue Convocation	Donations Target LIN
Cash and investments - beginning	\$ -	\$ -	\$ 326	\$ 327	\$ -	\$ 53	\$ -	\$ 88
Receipts:								
Local sources	271	200	-	-	1,250	-	332	44
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>271</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>332</u>	<u>44</u>
Disbursements:								
Current:								
Instruction	-	200	-	-	-	53	-	132
Support services	271	-	-	-	-	-	332	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,250	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>271</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>53</u>	<u>332</u>	<u>132</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>(88)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>(88)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ 327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donations No Excuses U LIN	Donations Purdue Convocations LIN	Donations Instructional LIN	Donations Reading Books NNJSHS	Donations Technology NNJSHS	Donations Science Labs NNJSHS	Donations Chemistry Labs NNJSHS	Donations Calculators NNJSHS
Cash and investments - beginning	\$ 85	\$ -	\$ 79	\$ 631	\$ 218	\$ 4,037	\$ 200	\$ 69
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	85	-	79	-	-	-	-	69
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	85	-	79	-	-	-	-	69
Excess (deficiency) of receipts over disbursements	(85)	-	(79)	-	-	-	-	(69)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(85)	-	(79)	-	-	-	-	(69)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 631	\$ 218	\$ 4,037	\$ 200	\$ -

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donations FACS NNJSHS	Donations Newton Found NNJSHS	Donations Athletics NNJSHS	Donation Drama Equipment	Instruction Support	Instruction Support NWSWD Grant MOR	Step Ahead	Medicaid Reimbursement
Cash and investments - beginning	\$ 854	\$ -	\$ -	\$ -	\$ 304	\$ -	\$ 3,001	\$ -
Receipts:								
Local sources	-	-	-	6,000	1,519	1,517	3,268	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	3,317
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>1,519</u>	<u>1,517</u>	<u>3,268</u>	<u>3,317</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	1,055	1,510	10	-
Noninstructional services	-	-	-	-	-	-	5,054	-
Facilities acquisition and construction	-	-	-	5,700	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>1,055</u>	<u>1,510</u>	<u>5,064</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>464</u>	<u>7</u>	<u>(1,796)</u>	<u>3,317</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(3,317)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,317)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>464</u>	<u>7</u>	<u>(1,796)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 768</u>	<u>\$ 7</u>	<u>\$ 1,205</u>	<u>\$ -</u>

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Non-English Speaking 12-13	School Technology	Technology Grants [IC 20-40-15]	Miscellaneous Programs	Title I 11-12	Title I 12-13	Title I 13-14	Special Ed Improvement Grant
Cash and investments - beginning	\$ -	\$ 1,316	\$ 14,370	\$ 130	\$ -	\$ (9,414)	\$ -	\$ -
Receipts:								
Local sources	-	-	2,973	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	3,661	-	-	-	-	-	-
Federal sources	-	-	-	-	-	40,847	112,471	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	3,661	2,973	-	-	40,847	112,471	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	30,009	118,120	-
Support services	-	3,665	67,476	-	-	-	-	-
Noninstructional services	-	-	-	-	-	1,424	229	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	3,665	67,476	-	-	31,433	118,349	-
Excess (deficiency) of receipts over disbursements	-	(4)	(64,503)	-	-	9,414	(5,878)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	59,780	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	59,780	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4)	(4,723)	-	-	9,414	(5,878)	-
Cash and investments - ending	\$ -	\$ 1,312	\$ 9,647	\$ 130	\$ -	\$ -	\$ (5,878)	\$ -

NORTH NEWTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	IDEA 2013	Medicaid Reimbursement - Federal	Title II Part A 12-13	Title II Part A 13-14	Education Jobs	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 15,640	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ 5,145,344
Receipts:								
Local sources	-	-	-	-	-	-	-	5,831,323
Intermediate sources	-	-	-	-	-	-	-	13,373
State sources	62,582	-	-	-	-	-	-	9,323,067
Federal sources	-	6,179	-	53,475	-	-	-	579,125
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	1,900,000
Other	-	-	-	-	-	258,492	2,461,434	2,747,586
Total receipts	<u>62,582</u>	<u>6,179</u>	<u>-</u>	<u>53,475</u>	<u>-</u>	<u>258,492</u>	<u>2,461,434</u>	<u>20,394,474</u>
Disbursements:								
Current:								
Instruction	3,241	4,769	-	56,146	-	-	-	6,558,229
Support services	-	1,478	-	-	-	-	-	5,256,512
Noninstructional services	-	-	-	-	-	-	-	830,115
Facilities acquisition and construction	59,341	-	-	-	-	-	-	1,790,467
Debt services	-	-	-	-	-	-	-	2,258,053
Nonprogrammed charges	-	-	-	-	-	258,072	2,461,434	2,719,506
Interfund loans	-	-	-	-	-	-	-	1,900,000
Total disbursements	<u>62,582</u>	<u>6,247</u>	<u>-</u>	<u>56,146</u>	<u>-</u>	<u>258,072</u>	<u>2,461,434</u>	<u>21,312,882</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>(2,671)</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>(918,408)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,572,302
Sale of capital assets	-	-	-	-	-	-	-	32,246
Transfers in	-	-	-	-	-	-	-	456,221
Transfers out	-	-	-	-	-	-	-	(456,221)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,604,548</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>(2,671)</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>686,140</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 15,572</u>	<u>\$ -</u>	<u>\$ (2,671)</u>	<u>\$ -</u>	<u>\$ 637</u>	<u>\$ -</u>	<u>\$ 5,831,484</u>

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,146,837</u>	<u>\$ 85,242</u>

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Newton School Building Corporation	Renovations to Morocco and Lincoln Elementary Schools	\$ 1,279,000	07/15/10	12/31/28
North Newton Jr. Sr. High School Building Corporation	Renovations to the Jr./Sr. High School	530,000	12/31/10	06/30/15
North Newton 2011 School Building Corporation	Installation of a wind turbibe	<u>204,000</u>	12/31/12	12/31/26
Total of annual lease payments		<u>\$ 2,013,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2004 Retirement and Severance	\$ 1,405,000	\$ 298,192
General obligation bonds	Retirement and Severance	1,550,000	202,075
Notes and loans payable	Operating Loan	<u>162,331</u>	<u>162,331</u>
Totals		<u>\$ 3,117,331</u>	<u>\$ 662,598</u>

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NORTH NEWTON SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 62,750
Buildings	21,965,664
Improvements other than buildings	3,450,560
Machinery, equipment, and vehicles	6,210,195
 Total capital assets	 \$ 31,689,169

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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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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the North Newton School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

**Report on Internal Control Over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 9, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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NORTH NEWTON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 12-13, FY 13-14	\$ 69,245	\$ 65,132
National School Lunch Program		10.555	FY 12-13, FY 13-14	<u>360,139</u>	<u>350,686</u>
Total - Department of Agriculture				<u>429,384</u>	<u>415,818</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA) Special Education_Grants to States	Indiana Department of Education	84.027	A58-3-13DL-0091 A58-3-13DL-1459 14212-051-PN01 14213-051-PN01 14214-051-PN01 99914-051-TA01	67,726 - 122,913 241,575 - -	- 62,582 - 106,924 233,264 3,041
Total - Special Education_Grants to States				<u>432,214</u>	<u>405,811</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173	45712-051-PN01 45713-051-PN01 45714-051-PN01	6,767 11,601 -	- 6,278 11,553
Total - Special Education_Preschool Grants				<u>18,368</u>	<u>17,831</u>
Total - Special Education Cluster (IDEA)				<u>450,582</u>	<u>423,642</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 11-12 FY 12-13 FY 13-14	41,436 135,172 -	- 40,847 112,471
Total - Title I Grants to Local Educational Agencies				<u>176,608</u>	<u>153,318</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 12-13 FY 13-14	68,443 -	- 53,475
Total - Improving Teacher Quality State Grants				<u>68,443</u>	<u>53,475</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 12-13	<u>58,013</u>	<u>-</u>
Total - Department of Education				<u>753,646</u>	<u>630,435</u>
Total federal awards expended				<u>\$ 1,183,030</u>	<u>\$ 1,046,253</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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 49,536	\$ 49,665

**Note 3. Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

NORTH NEWTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster (IDEA)

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**

No matters are reportable.

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

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-001 - INTERNAL CONTROLS OVER THE CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 12-13, FY 13-14  
Pass-Through Entity: Indiana Department of Education

Management of the North Newton School Corporation has not established an effective internal control system for their Food Service Program, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications.

*Cash Management*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Cash Management requirements of the programs. A monitoring or review process has not been established to ensure that the School Lunch fund's net cash resources are limited to three month average expenditures in compliance with Cash Management requirements. There was no segregation of duties, such as oversight, review, or approval process.

*Eligibility*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Eligibility for free and reduced price meals was accurately determined. The application information was reviewed by the Food Service Director who made the eligibility determination. The Food Service Director entered the student status in the food service software program. There was no segregation of duties, such as oversight, review, or approval process to ensure that the information entered into the food service software was correct.

*Procurement and Suspension and Debarment*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Procurement and Suspension and Debarment requirements of the programs. The School Corporation used a cooperative purchasing agent for procurement and suspension and debarment services, but had no procedures in place to review or verify the bids received by the cooperative or to ensure that vendors chosen by the School Corporation had not been suspended or debarred from participation in federal programs. There was no segregation of duties, such as oversight, review, or approval process.

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

*Reporting*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement requests were independently prepared by the Food Service Director and submitted electronically via the Indiana Department of Education's website. The reports were not subjected to review prior to submission. The Food Service Director also independently prepared and submitted the Annual Financial Report which was not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with the Reporting requirements.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the requirements for the verification of free and reduced price applications. Currently, the verification is completed by the same employee who completed the initial application. There was no segregation of duties, such as an oversight, review, or approval process to review the verification process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2014-002 - CASH MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preshool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers: 14212-051-PN01, 14213-051-PN01, 14214-051-PN01, 9914-051-TA01,  
45712-051-PN01, 45713-051-PN01, 45714-051-PN01

Pass-Through Entity: Indiana Department of Education

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

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements of the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Cash Management and Reporting requirements. Requests for reimbursement reports were required to be submitted to receive grant funding. Requests were prepared by the Special Education Cooperative Treasurer and properly filed with the Indiana Department of Education. However, the reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



**North Newton School Corporation**

310 South Lincoln Street  
P.O. Box 8  
Morocco, Indiana 47963  
Phone: 219-285-2228

Destin Haas, Ed.S.  
Superintendent

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

**CORRECTIVE ACTION PLAN**

**FINDING 2014-001**

Contact Persons Responsible for Corrective Action : Karen Warne, Food Service Director  
Karen Zackfia, Director of Business and Finance

Contact Phone Number: Karen Warne: 219-285-2252 ext. 222  
Karen Zackfia: 219-285-2228

Description of Corrective Action Plan:

1. Cash Management: A spreadsheet will be created to calculate a three month rolling average of expenditures and compare that amount with the month-end cash balance of the School Lunch Fund. The expenditure amounts will come from the financial accounting system's fund and budget history reports. The director of business and finance will maintain the spreadsheet. The deputy treasurer and food service director will review and verify the amounts on the spreadsheet to the school corporation's records. The ending cash balance will be kept at the acceptable amount. The spreadsheet and all supporting documentation will be kept in accordance with state and federal record retention guidelines.
2. Eligibility: Free and reduced price meal applications will be reviewed by both the food service director and each building's head cook for eligibility. A second review or verification will be completed by the building secretaries at the elementary schools and the registrar at the jr/sr high school. All employees will document the review or verification with their initials and date. A food service employee will enter the student status into the food service software. The food service director will review data entered into the food service software for accuracy. All documents will be kept in accordance with state and federal record retention guidelines.
3. Procurement, Suspension, and Debarment: As a member of the Northwest Indiana Education Service Center (NWIESC), North Newton School Corporation participates in the cooperative bid process for milk consumed in the School Lunch Program. Acceptance of the most responsive and responsible vendors from the NWIESC cooperative bids for milk will be recommended by the food service director to the director of business and finance. The director of business and finance will present the recommendation to the North Newton Board of Trustees for approval. The official board minutes will document acceptance of this recommendation.



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Destin Haas, Ed.S.  
Superintendent

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

4. Reporting: The food service director will complete the month reimbursement requests and the Annual Financial Report. The reports will be forwarded along with supporting documentation to the director of business and finance for review and verification before submission by the food service director. The director of business and finance will initial and date the reports. All documents will be kept in accordance with state and federal record retention guidelines.
5. Special Tests and Provisions: The food service director will complete the verification process in accordance with Free and Reduced Lunch Program guidelines. The director of business and finance will complete a second review or audit of 5% of the free and reduced application received by the school corporation. The applications for the second audit will be selected at random. The director of business and finance will initial and date the applications that are reviewed a second time. All documents will be kept in accordance with state and federal record retention guidelines.

Anticipated Completion Date:

1. The cash management plan was implemented on March 8, 2016.
2. The second review was implemented at the beginning of the 2015-16 school year while the remainder of the plan will be implemented at the beginning of the 2016-17 school year.
3. The 2015-16 vendor awards were approved by the Board of Trustees on July 13, 2015.
4. The plan was implemented on March 8, 2016.
5. The plan will be implemented at the start of the 2016-2017 school year.

*Karen Warner*  
\_\_\_\_\_  
(Signature)

Food Service Director

\_\_\_\_\_  
(Title)

March 9, 2016

\_\_\_\_\_  
(Date)

*Karen L. Zackfia*  
\_\_\_\_\_  
(Signature)

Director of Business and Finance

\_\_\_\_\_  
(Title)

March 9, 2016

\_\_\_\_\_  
(Date)



**North Newton School Corporation**

310 South Lincoln Street  
P.O. Box 8  
Morocco, Indiana 47963  
Phone: 219-285-2228

Destin Haas, Ed.S.  
Superintendent

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

**CORRECTIVE ACTION PLAN**

**FINDING 2014-002**

Contact Persons Responsible for Corrective Action : Pam Ledford, Cooperative School Services treasurer  
Karen Zackfia, Director of Business and Finance

Contact Phone Number: Pam Ledford: 219-567-9161  
Karen Zackfia: 219-285-2228

Description of Corrective Action Plan:

1. Cash Management and Reporting: Requests for reimbursement will be prepared by the Cooperative School Services treasurer. The requests for reimbursement along with supporting documentation will be forwarded and reviewed by the director of business and finance or designee before submission by the Cooperative School Services treasurer to the Department of Education. The documents will be initialed and dated. All documents will be kept in accordance with state and federal record retention guidelines.

Anticipated Completion Date:

1. The cash management plan be implemented with the beginning of the 2016-17 school year.

  
\_\_\_\_\_  
(Signature)

Director of Business and Finance

\_\_\_\_\_  
(Title)

March 9, 2016

\_\_\_\_\_  
(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.