

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, 2014 to June 30, 2016



FILED
12/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Director of Business and Finance	Karen L. Zackfia	07-01-14 to 06-30-18
Superintendent of Schools	Destin L. Haas	07-01-14 to 06-30-18
President of the School Board	Nathan Gibson Michael Russell	07-01-14 to 12-31-15 01-01-16 to 12-31-17



STATE OF INDIANA
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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, 2014 to June 30, 2016, 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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 November 2, 2017, 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

November 2, 2017



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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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 2, 2017, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 to be material weaknesses.

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 from 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*.

North Newton School Corporation's Response to Findings

The School Corporation's response to the 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 the financial statement and, accordingly, we express no opinion on it.

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

November 2, 2017

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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.

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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, 2015 and 2016

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 1,127,932	\$ 9,120,348	\$ 9,078,053	\$ (83,121)	\$ 1,087,106	\$ 8,885,559	\$ 8,589,085	\$ (178,129)	\$ 1,205,451
Debt Service	1,172,283	2,899,561	2,997,242	(33,362)	1,041,240	2,542,449	2,545,396	(24,730)	1,013,563
Retirement/Severance Bond Debt Service	171,666	302,103	298,193	-	175,576	280,413	280,320	-	175,669
Capital Projects	310,286	2,031,456	1,837,051	(170,471)	334,220	1,809,195	1,614,143	(99,053)	430,219
School Transportation	633,782	1,575,814	1,417,332	(375,000)	417,264	1,525,450	1,213,867	(199,680)	529,167
School Bus Replacement	147,225	236,435	218,597	-	165,063	263,955	255,715	-	173,303
Rainy Day	537,579	-	495,500	550,000	592,079	125,388	195,926	300,000	821,541
Construction Fund 2013	1,136,835	-	1,136,835	-	-	-	-	-	-
Bond Principal	-	-	-	-	-	-	-	1,663,000	1,663,000
School Lunch	189,147	635,812	607,272	100	217,787	623,923	679,039	-	162,671
Textbook Rental	55,494	151,493	165,261	33,362	75,088	143,805	135,724	24,730	107,899
Self-Insurance	1,038	-	1,038	-	-	-	-	-	-
Levy Excess	-	150	-	-	150	-	-	(150)	-
Judgments	278,012	-	-	-	278,012	-	-	-	278,012
Educational License Plates	8,775	19	-	-	8,794	56	-	-	8,850
Alternative Education	23,420	23,780	69,045	25,000	3,155	25,293	63,914	60,000	24,534
Donation After School Corp	-	-	-	-	-	260	-	(260)	-
Donation Cafeteria Meals HS	-	1,000	368	-	632	-	240	-	392
Donation Staff Travel Corp	-	-	-	-	-	2,000	865	-	1,135
Donations Newton County STEP AHEAD	329	-	-	-	329	-	-	-	329
Donations CPR Class	40	-	-	-	40	-	-	-	40
Donations Equipment	7,740	-	7,740	-	-	-	-	-	-
Donation Staff Incentives Corp	-	-	-	-	-	5,340	4,600	-	740
Donation Student Incentive	-	-	-	-	-	450	200	-	250
Donations Exxon Supplies MOR	528	500	500	-	528	500	347	-	681
Donation Class Supplies MOR	-	60	60	-	-	518	382	-	136
Donations Artist MOR	79	-	-	-	79	-	-	-	79
Donations Robotics MOR	1,672	-	-	-	1,672	-	-	-	1,672
Donation Transportation MOR	-	222	222	-	-	-	-	-	-
Donations Healthy Kids LV	326	-	-	-	326	-	-	-	326
Donations Library Books LV	327	50	377	-	-	500	-	-	500
Donation Backpack Program LV	-	12,500	9,680	-	2,820	10,517	9,168	-	4,169
Donation Class Supplies LV	-	600	600	-	-	-	-	-	-
Donation Supplies LIN	-	-	-	-	-	129	-	-	129
Donation NWESWD LIN	-	-	-	-	-	2,000	141	-	1,859
Donation Purdue Convocation LIN	-	145	145	-	-	-	-	-	-
Donations Reading Books NNJSHS	631	-	-	-	631	-	-	-	631
Donations Technology NNJSHS	218	-	-	-	218	-	-	-	218
Donations Science Labs NNJSHS	4,037	-	2,564	-	1,473	-	1,428	-	45
Donations Chemistry Labs NNJSHS	200	-	-	-	200	-	188	-	12
Donations FACS NNJSHS	854	-	-	-	854	-	-	-	854
Donation Drama Equipment	300	-	-	-	300	-	-	-	300
Donation Target NNJSHS	-	85	-	-	85	402	-	-	487
Instructional Support	768	1,107	1,635	-	240	-	-	-	240
Instruction Support NWISWD Grant MOR	7	-	-	-	7	-	-	-	7
Computer Consortium/Ed Tech Advance	-	24,076	24,076	-	-	-	-	-	-
Common School Tech Loan A1900	-	138,254	138,254	-	-	-	-	-	-
Common School Tech Loan A1944	-	-	-	-	-	135,714	135,714	-	-
Step Ahead	1,205	4,713	4,897	-	1,021	5,819	5,557	260	1,543
Medicaid Reimbursement	-	7,472	-	(7,472)	-	2,973	-	(2,973)	-
Secured Schools Safety Grant	-	-	36,928	-	(36,928)	48,865	11,937	-	-
School Technology	1,312	4,713	5,764	-	261	4,944	4,723	-	482
Technology Grants [IC 20-40-15]	9,647	16,284	57,800	67,882	36,013	3,505	119,709	123,045	42,854
Performance Based Awards	-	61,804	59,679	-	2,125	56,701	58,824	-	2
Miscellaneous Programs	130	-	-	-	130	-	-	-	130
Title I 12-13	-	-	-	-	-	-	-	-	-
Title I 13-14	(5,878)	88,871	82,993	-	-	-	-	-	-
Title I 14-15	-	151,921	159,635	-	(7,714)	49,556	41,842	-	-
Title I 15-16	-	-	-	-	-	135,418	141,142	-	(5,724)
Medicaid Reimbursement - Federal	15,572	13,686	6,870	-	22,388	4,553	5,743	-	21,198
Title II Part A 13-14	(2,671)	14,542	9,831	(2,040)	-	-	-	-	-
Title II Part A 14-15	-	53,634	56,188	-	(2,554)	11,146	6,649	(1,943)	-
Title II Part A 15-16	-	-	-	-	-	54,162	56,741	-	(2,579)
Prepaid Lunch	637	234,227	234,077	-	787	217,386	217,754	-	419
Payroll Withholdings	-	2,385,710	2,385,710	-	-	2,229,488	2,229,488	-	-
Totals	\$ 5,831,484	\$ 20,193,147	\$ 21,608,012	\$ 4,878	\$ 4,421,497	\$ 19,208,332	\$ 18,626,511	\$ 1,664,117	\$ 6,667,435

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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH NEWTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts 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. Amounts 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. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

NORTH NEWTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans. Amounts 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. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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, the following: 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

NORTH NEWTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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

NORTH NEWTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

Note 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, 2015 and 2016.

Note 8. Holding Corporations

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, 2015 and 2016, totaled \$1,279,000 and \$1,277,500, respectively.

The School Corporation has entered into a capital lease with 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, 2015 and 2016, totaled \$65,500 and \$160,500, respectively.

The School Corporation has entered into a capital lease with North Newton 2015 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, 2015 and 2016, totaled \$0 and \$22,500, respectively.

Note 9. Bond Issuance

The School Corporation sold general obligation bonds in the amount of \$1,700,000 on November 17, 2016. The date of the debt closing and forwarding of the general bond proceeds to the School Corporation was December 14, 2016.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2013	Bond Principal	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,127,932	\$ 1,172,283	\$ 171,666	\$ 310,286	\$ 633,782	\$ 147,225	\$ 537,579	\$ 1,136,835	\$ -	\$ 189,147	\$ 55,494
Receipts:											
Local sources	144,948	1,999,561	302,103	1,348,494	1,325,814	236,435	-	-	-	244,393	100,351
Intermediate sources	13,317	-	-	-	-	-	-	-	-	-	-
State sources	8,961,758	-	-	-	-	-	-	-	-	7,117	51,142
Federal sources	-	-	-	-	-	-	-	-	-	384,302	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	900,000	-	650,000	250,000	-	-	-	-	-	-
Other receipts	325	-	-	32,962	-	-	-	-	-	-	-
Total receipts	9,120,348	2,899,561	302,103	2,031,456	1,575,814	236,435	-	-	-	635,812	151,493
Disbursements:											
Instruction	6,049,264	-	-	-	-	-	-	-	-	-	-
Support services	2,885,729	-	-	685,474	1,119,400	218,597	216,859	-	-	12	165,261
Noninstructional services	143,060	-	-	-	-	-	-	-	-	599,513	-
Facilities acquisition and construction	-	-	-	501,577	47,932	-	278,641	1,136,835	-	7,747	-
Debt service	-	2,097,242	298,193	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	900,000	-	650,000	250,000	-	-	-	-	-	-
Total disbursements	9,078,053	2,997,242	298,193	1,837,051	1,417,332	218,597	495,500	1,136,835	-	607,272	165,261
Excess (deficiency) of receipts over disbursements	42,295	(97,681)	3,910	194,405	158,482	17,838	(495,500)	(1,136,835)	-	28,540	(13,768)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	249	-	-	4,529	-	-	-	-	-	100	-
Transfers in	9,512	-	-	-	-	-	550,000	-	-	-	33,362
Transfers out	(92,882)	(33,362)	-	(175,000)	(375,000)	-	-	-	-	-	-
Total other financing sources (uses)	(83,121)	(33,362)	-	(170,471)	(375,000)	-	550,000	-	-	100	33,362
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(40,826)	(131,043)	3,910	23,934	(216,518)	17,838	54,500	(1,136,835)	-	28,640	19,594
Cash and investments - ending	\$ 1,087,106	\$ 1,041,240	\$ 175,576	\$ 334,220	\$ 417,264	\$ 165,063	\$ 592,079	\$ -	\$ -	\$ 217,787	\$ 75,088

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, 2015
 (Continued)

	Self- Insurance	Levy Excess	Judgments	Educational License Plates	Alternative Education	Donation After School Corp	Donation Cafeteria Meals HS	Donation Staff Travel Corp	Donations Newton County STEP AHEAD	Donations CPR Class	Donations Equipment
Cash and investments - beginning	\$ 1,038	\$ -	\$ 278,012	\$ 8,775	\$ 23,420	\$ -	\$ -	\$ -	\$ 329	\$ 40	\$ 7,740
Receipts:											
Local sources	-	150	-	-	18,567	-	1,000	-	-	-	-
Intermediate sources	-	-	-	19	-	-	-	-	-	-	-
State sources	-	-	-	-	5,213	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	150	-	19	23,780	-	1,000	-	-	-	-
Disbursements:											
Instruction	-	-	-	-	69,045	-	-	-	-	-	-
Support services	1,038	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	368	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	7,740
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,038	-	-	-	69,045	-	368	-	-	-	7,740
Excess (deficiency) of receipts over disbursements	(1,038)	150	-	19	(45,265)	-	632	-	-	-	(7,740)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	25,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	25,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,038)	150	-	19	(20,265)	-	632	-	-	-	(7,740)
Cash and investments - ending	\$ -	\$ 150	\$ 278,012	\$ 8,794	\$ 3,155	\$ -	\$ 632	\$ -	\$ 329	\$ 40	\$ -

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, 2015
 (Continued)

	Donation Staff Incentives Corp	Donation Student Incentive	Donations Exxon Supplies MOR	Donation Class Supplies MOR	Donations Artist MOR	Donations Robotics MOR	Donation Transportation MOR	Donations Healthy Kids LV	Donations Library Books LV	Donation Backpack Program LV	Donation Class Supplies LV
Cash and investments - beginning	\$ -	\$ -	\$ 528	\$ -	\$ 79	\$ 1,672	\$ -	\$ 326	\$ 327	\$ -	\$ -
Receipts:											
Local sources	-	-	500	60	-	-	222	-	50	12,500	600
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	500	60	-	-	222	-	50	12,500	600
Disbursements:											
Instruction	-	-	500	60	-	-	-	-	-	9,680	600
Support services	-	-	-	-	-	-	222	-	377	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	500	60	-	-	222	-	377	9,680	600
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	(327)	2,820	-
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	-	-	-	-	-	-	-	-	(327)	2,820	-
Cash and investments - ending	\$ -	\$ -	\$ 528	\$ -	\$ 79	\$ 1,672	\$ -	\$ 326	\$ -	\$ 2,820	\$ -

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, 2015
 (Continued)

	Donation Supplies LIN	Donation NWESWD LIN	Donation Purdue Convocation LIN	Donations Reading Books NNJSHS	Donations Technology NNJSHS	Donations Science Labs NNJSHS	Donations Chemistry Labs NNJSHS	Donations FACS NNJSHS	Donation Drama Equipment	Donation Target NNJSHS	Instructional Support
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 631	\$ 218	\$ 4,037	\$ 200	\$ 854	\$ 300	\$ -	\$ 768
Receipts:											
Local sources	-	-	145	-	-	-	-	-	-	85	1,107
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	145	-	-	-	-	-	-	85	1,107
Disbursements:											
Instruction	-	-	-	-	-	2,564	-	-	-	-	-
Support services	-	-	145	-	-	-	-	-	-	-	1,635
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	145	-	-	2,564	-	-	-	-	1,635
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(2,564)	-	-	-	85	(528)
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	-	-	-	-	-	(2,564)	-	-	-	85	(528)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 631	\$ 218	\$ 1,473	\$ 200	\$ 854	\$ 300	\$ 85	\$ 240

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, 2015
 (Continued)

	Instruction Support NWISWD Grant MOR	Computer Consortium/ Ed Tech Advance	Common School Tech Loan A1900	Common School Tech Loan A1944	Step Ahead	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs
Cash and investments - beginning	\$ 7	\$ -	\$ -	\$ -	\$ 1,205	\$ -	\$ -	\$ 1,312	\$ 9,647	\$ -	\$ 130
Receipts:											
Local sources	-	-	-	-	4,713	-	-	-	16,284	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	7,472	-	4,713	-	61,804	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	24,076	138,254	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	24,076	138,254	-	4,713	7,472	-	4,713	16,284	61,804	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	58,048	-
Support services	-	-	-	-	-	-	-	5,764	57,800	1,631	-
Noninstructional services	-	-	-	-	4,897	-	-	-	-	-	-
Facilities acquisition and construction	-	24,076	138,254	-	-	-	36,928	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	24,076	138,254	-	4,897	-	36,928	5,764	57,800	59,679	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(184)	7,472	(36,928)	(1,051)	(41,516)	2,125	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	67,882	-	-
Transfers out	-	-	-	-	-	(7,472)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(7,472)	-	-	67,882	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(184)	-	(36,928)	(1,051)	26,366	2,125	-
Cash and investments - ending	\$ 7	\$ -	\$ -	\$ -	\$ 1,021	\$ -	\$ (36,928)	\$ 261	\$ 36,013	\$ 2,125	\$ 130

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, 2015
 (Continued)

	Title I 12-13	Title I 13-14	Title I 14-15	Title I 15-16	Medicaid Reimbursement - Federal	Title II Part A 13-14	Title II Part A 14-15	Title II Part A 15-16	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (5,878)	\$ -	\$ -	\$ 15,572	\$ (2,671)	\$ -	\$ -	\$ 637	\$ -	\$ 5,831,484
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	5,758,082
Intermediate sources	-	-	-	-	-	-	-	-	-	-	13,336
State sources	-	-	-	-	-	-	-	-	-	-	9,099,219
Federal sources	-	88,871	151,921	-	13,686	14,542	53,634	-	-	-	706,956
Temporary loans	-	-	-	-	-	-	-	-	-	-	162,330
Interfund loans	-	-	-	-	-	-	-	-	-	-	1,800,000
Other receipts	-	-	-	-	-	-	-	-	234,227	2,385,710	2,653,224
Total receipts	-	88,871	151,921	-	13,686	14,542	53,634	-	234,227	2,385,710	20,193,147
Disbursements:											
Instruction	-	82,536	159,156	-	5,167	9,831	56,188	-	-	-	6,502,639
Support services	-	-	-	-	1,703	-	-	-	-	-	5,361,647
Noninstructional services	-	457	479	-	-	-	-	-	-	-	748,774
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	2,179,730
Debt service	-	-	-	-	-	-	-	-	-	-	2,395,435
Nonprogrammed charges	-	-	-	-	-	-	-	-	234,077	2,385,710	2,619,787
Interfund loans	-	-	-	-	-	-	-	-	-	-	1,800,000
Total disbursements	-	82,993	159,635	-	6,870	9,831	56,188	-	234,077	2,385,710	21,608,012
Excess (deficiency) of receipts over disbursements	-	5,878	(7,714)	-	6,816	4,711	(2,554)	-	150	-	(1,414,865)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	4,878
Transfers in	-	-	-	-	-	-	-	-	-	-	685,756
Transfers out	-	-	-	-	-	(2,040)	-	-	-	-	(685,756)
Total other financing sources (uses)	-	-	-	-	-	(2,040)	-	-	-	-	4,878
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,878	(7,714)	-	6,816	2,671	(2,554)	-	150	-	(1,409,987)
Cash and investments - ending	\$ -	\$ -	\$ (7,714)	\$ -	\$ 22,388	\$ -	\$ (2,554)	\$ -	\$ 787	\$ -	\$ 4,421,497

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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2013	Bond Principal	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,087,106	\$ 1,041,240	\$ 175,576	\$ 334,220	\$ 417,264	\$ 165,063	\$ 592,079	\$ -	\$ -	\$ 217,787	\$ 75,088
Receipts:											
Local sources	202,095	1,992,449	280,413	1,310,194	1,372,112	263,955	30,309	-	-	229,787	88,502
Intermediate sources	13,317	-	-	-	-	-	-	-	-	-	-
State sources	8,669,972	-	-	-	-	-	-	-	-	6,856	54,824
Federal sources	-	-	-	-	-	-	-	-	-	386,501	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	550,000	-	400,000	150,000	-	-	-	-	-	-
Other receipts	175	-	-	99,001	3,338	-	95,079	-	-	779	479
Total receipts	8,885,559	2,542,449	280,413	1,809,195	1,525,450	263,955	125,388	-	-	623,923	143,805
Disbursements:											
Instruction	5,662,378	-	-	-	-	-	-	-	-	-	-
Support services	2,783,456	-	-	750,635	1,038,385	255,715	-	-	-	-	133,369
Noninstructional services	142,250	-	-	-	-	-	-	-	-	628,116	-
Facilities acquisition and construction	-	-	-	463,508	25,482	-	195,926	-	-	50,923	2,355
Debt service	1,001	1,995,396	280,320	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	550,000	-	400,000	150,000	-	-	-	-	-	-
Total disbursements	8,589,085	2,545,396	280,320	1,614,143	1,213,867	255,715	195,926	-	-	679,039	135,724
Excess (deficiency) of receipts over disbursements	296,474	(2,947)	93	195,052	311,583	8,240	(70,538)	-	-	(55,116)	8,081
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,663,000	-	-
Sale of capital assets	-	-	-	947	170	-	-	-	-	-	-
Transfers in	4,916	-	-	-	150	-	300,000	-	-	-	24,730
Transfers out	(183,045)	(24,730)	-	(100,000)	(200,000)	-	-	-	-	-	-
Total other financing sources (uses)	(178,129)	(24,730)	-	(99,053)	(199,680)	-	300,000	-	1,663,000	-	24,730
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	118,345	(27,677)	93	95,999	111,903	8,240	229,462	-	1,663,000	(55,116)	32,811
Cash and investments - ending	\$ 1,205,451	\$ 1,013,563	\$ 175,669	\$ 430,219	\$ 529,167	\$ 173,303	\$ 821,541	\$ -	\$ 1,663,000	\$ 162,671	\$ 107,899

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, 2016
 (Continued)

	Self- Insurance	Levy Excess	Judgments	Educational License Plates	Alternative Education	Donation After School Corp	Donation Cafeteria Meals HS	Donation Staff Travel Corp	Donations Newton County STEP AHEAD	Donations CPR Class	Donations Equipment
Cash and investments - beginning	\$ -	\$ 150	\$ 278,012	\$ 8,794	\$ 3,155	\$ -	\$ 632	\$ -	\$ 329	\$ 40	\$ -
Receipts:											
Local sources	-	-	-	-	11,086	260	-	2,000	-	-	-
Intermediate sources	-	-	-	56	-	-	-	-	-	-	-
State sources	-	-	-	-	14,207	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	56	25,293	260	-	2,000	-	-	-
Disbursements:											
Instruction	-	-	-	-	63,914	-	-	865	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	240	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	63,914	-	240	865	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	56	(38,621)	260	(240)	1,135	-	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	60,000	-	-	-	-	-	-
Transfers out	-	(150)	-	-	-	(260)	-	-	-	-	-
Total other financing sources (uses)	-	(150)	-	-	60,000	(260)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(150)	-	56	21,379	-	(240)	1,135	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 278,012	\$ 8,850	\$ 24,534	\$ -	\$ 392	\$ 1,135	\$ 329	\$ 40	\$ -

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, 2016
 (Continued)

	Donation Staff Incentives Corp	Donation Student Incentive	Donations Exxon Supplies MOR	Donation Class Supplies MOR	Donations Artist MOR	Donations Robotics MOR	Donation Transportation MOR	Donations Healthy Kids LV	Donations Library Books LV	Donation Backpack Program LV	Donation Class Supplies LV
Cash and investments - beginning	\$ -	\$ -	\$ 528	\$ -	\$ 79	\$ 1,672	\$ -	\$ 326	\$ -	\$ 2,820	\$ -
Receipts:											
Local sources	5,340	450	500	518	-	-	-	-	500	10,517	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	5,340	450	500	518	-	-	-	-	500	10,517	-
Disbursements:											
Instruction	-	200	347	382	-	-	-	-	-	9,168	-
Support services	4,600	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,600	200	347	382	-	-	-	-	-	9,168	-
Excess (deficiency) of receipts over disbursements	740	250	153	136	-	-	-	-	500	1,349	-
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	740	250	153	136	-	-	-	-	500	1,349	-
Cash and investments - ending	\$ 740	\$ 250	\$ 681	\$ 136	\$ 79	\$ 1,672	\$ -	\$ 326	\$ 500	\$ 4,169	\$ -

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, 2016
 (Continued)

	Donation Supplies LIN	Donation NWESWD LIN	Donation Purdue Convocation LIN	Donations Reading Books NNJSHS	Donations Technology NNJSHS	Donations Science Labs NNJSHS	Donations Chemistry Labs NNJSHS	Donations FACS NNJSHS	Donation Drama Equipment	Donation Target NNJSHS	Instructional Support
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 631	\$ 218	\$ 1,473	\$ 200	\$ 854	\$ 300	\$ 85	\$ 240
Receipts:											
Local sources	129	2,000	-	-	-	-	-	-	-	402	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	129	2,000	-	-	-	-	-	-	-	402	-
Disbursements:											
Instruction	-	141	-	-	-	1,428	188	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	141	-	-	-	1,428	188	-	-	-	-
Excess (deficiency) of receipts over disbursements	129	1,859	-	-	-	(1,428)	(188)	-	-	402	-
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	129	1,859	-	-	-	(1,428)	(188)	-	-	402	-
Cash and investments - ending	\$ 129	\$ 1,859	\$ -	\$ 631	\$ 218	\$ 45	\$ 12	\$ 854	\$ 300	\$ 487	\$ 240

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, 2016
 (Continued)

	Instruction Support NWISWD Grant MOR	Computer Consortium/ Ed Tech Advance	Common School Tech Loan A1900	Common School Tech Loan A1944	Step Ahead	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs
Cash and investments - beginning	\$ 7	\$ -	\$ -	\$ -	\$ 1,021	\$ -	\$ (36,928)	\$ 261	\$ 36,013	\$ 2,125	\$ 130
Receipts:											
Local sources	-	-	-	-	5,819	-	-	-	3,505	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	2,973	48,865	4,944	-	56,701	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	135,714	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	135,714	5,819	2,973	48,865	4,944	3,505	56,701	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	57,988	-
Support services	-	-	-	-	-	-	-	4,723	119,709	836	-
Noninstructional services	-	-	-	-	5,557	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	135,714	-	-	11,937	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	135,714	5,557	-	11,937	4,723	119,709	58,824	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	262	2,973	36,928	221	(116,204)	(2,123)	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	260	-	-	-	123,045	-	-
Transfers out	-	-	-	-	-	(2,973)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	260	(2,973)	-	-	123,045	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	522	-	36,928	221	6,841	(2,123)	-
Cash and investments - ending	\$ 7	\$ -	\$ -	\$ -	\$ 1,543	\$ -	\$ -	\$ 482	\$ 42,854	\$ 2	\$ 130

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, 2016
 (Continued)

	Title I 12-13	Title I 13-14	Title I 14-15	Title I 15-16	Medicaid Reimbursement - Federal	Title II Part A 13-14	Title II Part A 14-15	Title II Part A 15-16	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (7,714)	\$ -	\$ 22,388	\$ -	\$ (2,554)	\$ -	\$ 787	\$ -	\$ 4,421,497
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	5,812,842
Intermediate sources	-	-	-	-	-	-	-	-	-	-	13,373
State sources	-	-	-	-	-	-	-	-	-	-	8,859,342
Federal sources	-	-	49,556	135,418	4,553	-	11,146	54,162	-	-	641,336
Temporary loans	-	-	-	-	-	-	-	-	-	-	135,714
Interfund loans	-	-	-	-	-	-	-	-	-	-	1,100,000
Other receipts	-	-	-	-	-	-	-	-	217,386	2,229,488	2,645,725
Total receipts	-	-	49,556	135,418	4,553	-	11,146	54,162	217,386	2,229,488	19,208,332
Disbursements:											
Instruction	-	-	41,842	141,142	3,891	-	6,649	56,741	-	-	6,047,264
Support services	-	-	-	-	1,852	-	-	-	-	-	5,093,280
Noninstructional services	-	-	-	-	-	-	-	-	-	-	776,163
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	885,845
Debt service	-	-	-	-	-	-	-	-	-	-	2,276,717
Nonprogrammed charges	-	-	-	-	-	-	-	-	217,754	2,229,488	2,447,242
Interfund loans	-	-	-	-	-	-	-	-	-	-	1,100,000
Total disbursements	-	-	41,842	141,142	5,743	-	6,649	56,741	217,754	2,229,488	18,626,511
Excess (deficiency) of receipts over disbursements	-	-	7,714	(5,724)	(1,190)	-	4,497	(2,579)	(368)	-	581,821
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	1,663,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	1,117
Transfers in	-	-	-	-	-	-	-	-	-	-	513,101
Transfers out	-	-	-	-	-	-	(1,943)	-	-	-	(513,101)
Total other financing sources (uses)	-	-	-	-	-	-	(1,943)	-	-	-	1,664,117
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,714	(5,724)	(1,190)	-	2,554	(2,579)	(368)	-	2,245,938
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (5,724)	\$ 21,198	\$ -	\$ -	\$ (2,579)	\$ 419	\$ -	\$ 6,667,435

NORTH NEWTON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 491,238</u>	<u>\$ 61,291</u>

NORTH NEWTON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Newton 2011 School Building Corporation	Lease Rental of 2011	\$ 202,136	12/31/2011	12/31/2026
North Newton 2015 School Building Corporation	Lease Rental of 2015	276,362	06/30/2016	12/31/2034
North Newton School Building Corporation	Lease Rental of 2009	<u>1,278,500</u>	12/31/2009	12/31/2028
Total of annual lease payments		<u>\$ 1,756,998</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds of 2004	\$ 940,000	\$ 298,454
General obligation bonds	General Obligation Bonds of 2013	1,130,000	201,425
Notes and loans payable	Common School Loan A1873	-	-
Notes and loans payable	Common School Loan A1900	-	-
Notes and loans payable	Common School Loan A1944	<u>67,857</u>	<u>67,857</u>
Totals		<u>\$ 2,137,857</u>	<u>\$ 567,736</u>

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NORTH NEWTON SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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	21,985,751
Improvements other than buildings	3,450,560
Machinery, equipment, and vehicles	6,611,508
Total capital assets	\$ 32,110,569

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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

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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, 2014 to June 30, 2016. 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. Except as discussed in the following paragraph, 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.

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2016-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, 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 Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The School Corporation's response to the noncompliance 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.

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.

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

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 a 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 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 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

November 2, 2017

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, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 14-15, FY 15-16	\$ -	\$ 64,294	\$ -	\$ 75,722
National School Lunch Program		10.555	FY 14-15, FY 15-16	-	320,008	-	310,779
National School Lunch Program - Commodities		10.555	FY 14-15, FY 15-16	-	47,381	-	44,767
Total - National School Lunch Program				-	367,389	-	355,546
Total - Child Nutrition Cluster				-	431,683	-	431,268
Total - Department of Agriculture				-	431,683	-	431,268
Department of Education							
Title I Grants to Local Educational Agencies	Indiana Department of Education						
		84.010	14-5945	-	88,871	-	-
		84.010	15-5945	-	151,921	-	49,556
		84.010	16-5945	-	-	-	135,418
Total - Title I Grants to Local Educational Agencies				-	240,792	-	184,974
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education						
		84.027	14213-051-PN01	-	788	-	-
		84.027	14214-051-PN01	-	107,948	-	1,194
		84.027	14215-051-PN01	-	245,716	-	60,154
		84.027	14216-049-PN01	-	-	-	301,386
		84.027	99914-051-TA01	-	4,787	-	125
Total - Special Education_Grants to States				-	359,239	-	362,859
Special Education_Preschool Grants	Indiana Department of Education						
		84.173	45714-051-PN01	-	5,900	-	-
		84.173	45715-051-PN01	-	11,686	-	3,332
		84.173	45716-051-PN01	-	-	-	12,520
Total - Special Education_Preschool Grants				-	17,586	-	15,852
Total - Special Education Cluster (IDEA)				-	376,825	-	378,711
Improving Teacher Quality State Grants	Indiana Department of Education						
		84.367	12-5945	-	14,542	-	-
		84.367	13-5945	-	53,634	-	11,146
		84.367	14-5945	-	-	-	54,162
Total - Improving Teacher Quality State Grants				-	68,176	-	65,308
Total - Department of Education				-	685,793	-	628,993
Total federal awards expended				\$ -	\$ 1,117,476	\$ -	\$ 1,060,261

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 under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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 (IDEA) 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 fiscal agent for 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?	yes
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 as to Child Nutrition Cluster and Title I Grants to Local Educational Agencies, Qualified as to Special Education Cluster (IDEA)
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:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies 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
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Section II - Financial Statement Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

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

Condition

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for government units (Gateway), which is a financial reporting system and was used to compile the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The Director of Business and Finance prepared the federal award information entered into Gateway without a control process in place to ensure its accuracy before submission.

Context

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management had not established a system of internal control to ensure proper reporting of the SEFA.

Effect

The failure to establish and properly implement controls could have enabled material misstatements of the SEFA to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors related to financial transactions and reporting.

Receipts

The Deputy Treasurer issued and recorded receipts and reconciled the receipts to the bank statements without a proper system of oversight or review.

Vendor Disbursements

Claims were entered into the financial accounting system by the Treasurer without a proper system of oversight or review to ensure that amounts entered were accurate. Also, the Treasurer printed checks and the Deputy Treasurer mailed the checks; however, this segregation of duties was not documented and could not be verified.

Context

The lack of controls over receipts and vendor disbursements was a systemic problem, which occurred throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

Cause

Management of the School Corporation had not established a proper system of internal controls.

Effect

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to financial transactions and reporting.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Auditor's Response

The Corrective Action Plan states that the School Corporation has a system of controls which included segregation of duties related to financial transactions and reporting. However, the Treasurer was solely responsible for issuing and recording receipts and reconciling the receipts to the bank statement without a system of oversight or review. In addition, the School Corporation failed to properly document segregation of duties related to vendor disbursements.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of Finding 2014-001 from the immediate prior audit year.

Condition

An effective internal control system was not in place at the School Corporation related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

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

The Food Service Director performed the verifications of free and reduced price meal applications and made the determination of whether or not a change in eligibility was necessary without a proper system of oversight or review.

Context

The lack of effective controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-004

Subject: Title I Grants to Local Educational Agencies - Eligibility
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5945, 15-5945, 16-5945
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation related to the grant agreement and the Eligibility compliance requirement.

There was no oversight or review process to ensure that the determinations of students eligible to receive services were accurate.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-005

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5945, 15-5945, 16-5945

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card,
High School Graduation Rate

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The Cohort Mobility Report was completed by the Registrar without evidence of a review process.

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

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-006

Subject: Special Education Cluster (IDEA) - Level of Effort

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-051-PN01, 14214-051-PN01,
14215-051-PN01, 14216-049-PN01,
99914-051-TA01, 45714-051-PN01,
45715-051-PN01, 45716-051-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort - Maintenance of Effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The Excess Cost Calculator report, which determined the Level of Effort - Maintenance of Effort for the School Corporation, was prepared by the Treasurer without oversight or review to ensure that the amounts reported were accurate.

Context

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Level of Effort - Maintenance of Effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Level of Effort - Maintenance of Effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-007

Subject: Special Education Cluster (IDEA) - Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-051-PN01, 14215-051-PN01,
14216-049-PN01, 4715-051-PN01,
4716-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion - Noncompliance

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

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Suspension and Debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

This is a systemic issue which occurred throughout the audit period. No verification procedures were performed for any of the contracted vendors paid from the grants.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Suspension and Debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Suspension and Debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

NORTH NEWTON SCHOOL CORPORATION

ADMINISTRATION OFFICE

310 South Lincoln Street – PO Box 8

Morocco, Indiana 47963

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Mr. Destin L. Haas, Ed.S.
Superintendent of Schools

FINDING 2014-001

Fiscal year in which the finding initially occurred: FY 12-13; FY 13-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana
Department of Education

Contact Person Responsible for Corrective Action: Karen L. Zackfia

Contact Phone Number: (219) 285-2228

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

Status of Audit Finding:

Cash Management

The corrective action plan has been completed by North Newton School Corporation on March 8, 2016. A spreadsheet was developed which calculates a three month rolling average of expenditures. This calculation is compared to the month-end cash balance of the School Lunch Fund. The spreadsheet, month-end fund balance, and budget history report for the three months are stapled together. The documents are reviewed and verified by the deputy treasurer and the food service director. The review is documented with signatures and dates.

Mrs. Mary Sheldon
Deputy Treasurer

Eligibility

The corrective action plan has been completed by North Newton School Corporation in August 2016. Free and reduced applications are reviewed by the food service director and the head cook of each building for eligibility. A third review is completed by the building secretaries at the elementary schools and the registrar at the jr/sr high school. The reviews are documented with initials and dates. A cook from the jr/sr high school entered the student status into the food service software for all students. Then, the food service director reviewed the data in the food service software for accuracy.

Mrs. Deborah Miller
Administrative Secretary

Procurement, Suspension, and Debarment

The corrective action plan was completed by North Newton School Corporation on July 13, 2015. Approval of the milk bids from the Northwest Indiana Service Center (NWIESC) are done by the Board of Trustees of North Newton School Corporation at a regular board meeting.

Board of Trustees
Mrs. Christine Belt
Mrs. Tiffany Fox
Mr. Ronald Gann
Mrs. Diane Gonczyk
Mrs. Patricia Reyes
Mr. Michael Russell
Mr. Paul Sheldon

Reporting

The corrective action plan was completed by North Newton School Corporation on March 8, 2016. Month end reports are forwarded by the food service director to the director of business on the last day of the month. The reports are reviewed by both with the review documented by initials and dates. The month reimbursement requests and Annual Financial Report are completed by the food service director. Before submission, the reports are forwarded to the director of business and finance. Then, the reports are reviewed and verified to monthly reports generated by the food service software and/or school corporation software. Upon verification, the food service director is directed by the director of business and finance to submit the report. The reports are submitted by the food service director to the Indiana Department of Education. Reports are initialed and dated by the director of business and finance and filed in the Administration Office.



“North Newton School Corporation: Engage. Educate. Empower.”

NORTH NEWTON SCHOOL CORPORATION

ADMINISTRATION OFFICE

310 South Lincoln Street – PO Box 8

Morocco, Indiana 47963

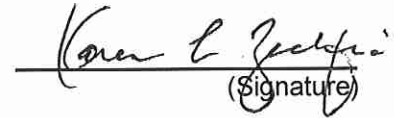
Telephone: 219-285-2228 Fax: 219-285-2708

Special Tests and Provisions

The corrective action plan was completed by North Newton School Corporation at the start of the 2016-17 school year. The food service director completed the verification process in accordance with Free and Reduced Lunch Program guidelines. The director of business and finance completed a second review or audit of 5% of the free and reduced applications received by North Newton School Corporation during the 2016-2017 school year.

Mr. Destin L. Haas, Ed.S.
Superintendent of Schools

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


(Signature)

Dir. of Business & Finance
(Title)

September 22, 2017
(Date)

Mrs. Mary Sheldon
Deputy Treasurer

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Mrs. Deborah Miller
Administrative Secretary

Board of Trustees

Mrs. Christine Belt
Mrs. Tiffany Fox
Mr. Ronald Gann
Mrs. Diane Gonczy
Mrs. Patricia Reyes
Mr. Michael Russell
Mr. Paul Sheldon



“North Newton School Corporation: Engage. Educate. Empower.”

NORTH NEWTON SCHOOL CORPORATION

ADMINISTRATION OFFICE

310 South Lincoln Street – PO Box 8

Morocco, Indiana 47963

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Mr. Destin L. Haas, Ed.S.
Superintendent of Schools

Fiscal year in which the finding initially occurred: FY 12-13; FY 13-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana
Department of Education
Contact Person Responsible for Corrective Action: Karen L. Zackfia
Contact Phone Number: (219) 285-2228

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

Status of Audit Finding:

Cash Management and Reporting

In the spring of 2016, the Cooperative School Services and the member school corporations agreed on cash management and reporting procedures. A monthly financial report is forwarded to the superintendents. The monthly financial report is reviewed by the superintendents and then signed and dated. The signed and dated monthly financial report is faxed back to Cooperative School Services and a copy kept on file by the school corporations.

Mrs. Mary Sheldon
Deputy Treasurer

On May 20, 2016, North Newton School Corporation received the first monthly report for April 2016 from the Cooperative School Services. The monthly reports are reviewed by the superintendent. The reports are signed and dated. A signed and dated copy is faxed to the Cooperative School Services. The original copy is filed in the Administration Office.

Mrs. Deborah Miller
Administrative Secretary

Board of Trustees
Mrs. Christine Belt
Mrs. Tiffany Fox
Mr. Ronald Gann
Mrs. Diane Gonczy
Mrs. Patricia Reyes
Mr. Michael Russell
Mr. Paul Sheldon


(Signature)

Director of Business & Finance
(Title)

September 22, 2017
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



“North Newton School Corporation: Engage. Educate. Empower.”



North Newton School Corporation

310 South Lincoln Street
P.O. Box 8
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Phone: 219-285-2228

Destin Haas, Ed.S.
Superintendent

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

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Persons Responsible for Corrective Action : Karen Zackfia, Director of Business and Finance
Contact Phone Number: 219-285-2228

We concur with the finding.

Description of Corrective Action Plan:

The federal award information is entered into the Indiana Gateway for Government Use (Gateway) by the Director of Business and Finance. Before submission, the Superintendent will review the federal award information entered into the Indiana Gateway for Government Use (Gateway). Upon the completion of the review and approval by the Superintendent, the Director of Business and Finance will submit the federal award information.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is August 22, 2017. North Newton School Corporation has already made this change.



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Persons Responsible for Corrective Action : Karen Zackfia, Director of Business and Finance
Contact Phone Number: 219-285-2228

We concur with part of the finding that the school corporation has neither a system of written documentation to prove our internal control system nor a system to review posted transactions for posting errors. We do not agree with rest of the finding. The school corporation does have a system of controls which includes segregation of duties relating to financial transactions and reporting .

Description of Corrective Action Plan:

1. Receipts – The Secretary received the money orders or checks and started the Revenue Log. The Director of Business and Finance entered the following information into Komputrol: date, received from, fund, account, cost center, amount, payment type, bank number, and reference. A receipt edit was printed. The Receipt Edit was reviewed and verified to source documents by the Director of Business and now in addition by the Deputy Treasurer for a second check. Receipts are printed by the Director of Business and Finance. Receipts are posted by the Deputy Treasurer. When the posting occurs, a Revenue Posting Journal is printed from Komputrol. Now, this report will be checked for accuracy by the Director of Business and Finance and the Deputy Treasurer. The Secretary will distribute the receipts to the appropriate individual. If there is a posting error, a correction will be completed by the Director of Business and Finance after the approval of the Superintendent. All tasks will be documented on the Revenue Log.
2. Disbursements - Claims are fully completed for payment by the Deputy Treasurer after sign off by the person who received the goods or services. Claims are forwarded to the Director of Business and Finance and entered into the Komputrol system. A Voucher Edit is printed and verified to the Claim by the Director of Business and Finance. Now, the Voucher Edit will also be reviewed by the Deputy Treasurer. Checks, Accounts Payable Voucher Detail for Board of Trustees and Superintendent, and Voucher Labels (with the date, vendor, appropriation number, and amount) are printed by the Director of Business and Finance. The Claims are posted by the Director of Business and Finance. The Accounts Payable Voucher Detail is given to the Superintendent for review and Board of Trustees for review and approval at the Board meeting. The Claims, Checks, and Voucher Labels are forwarded to the Deputy Treasurer. The



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Director of Business and Finance

Deputy Treasurer visually verified that each Check was issued to the correct vendor from the correct appropriation for the proper amount with verification. Furthermore, the Label was compared to the Claim to ensure posting accuracy when the Label was attached to the Claim by the Deputy Treasurer. The Deputy Treasurer sealed each Check in an envelope and gave them to the Secretary to be mailed or distributed. An Expenditure Log will be created to document the segregation of duties. The If there is an error in posting, a correction will be completed by the Director of Business and Finance after the approval of the Superintendent.

Anticipated Completion Date:

North Newton School Corporation will implement the correction action plan on December 1, 2017.



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-003

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

We concur with the finding.

Description of Corrective Action Plan:

The school corporation is required to complete the Verification Summary Report which is submitted to the Indiana Department of Education. The report documents the testing of three percent of the free/reduced applications for accuracy and compliance with the National School Lunch standards. The Food Service Director determined the population and completed the testing of the applications and supporting documentation. The Food Service Director documented the test with initials and date. A second check was completed by the Registrar who documented with initials and the date. Then, the Verification Summary Report was entered online by the Food Service Director. Now, the report will be saved before submission and printed. A Food Service Employee will review the Verification Summary Report for accuracy to the applications and supporting documentation. This review will be documented with initials and the date. Once the Food Service Employee has completed the review of the Verification Summary Report, the Food Service Director will submit the report.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is December 1, 2017.



(Signature)

Food Service Director

(Title)

November 2, 2017

(Date)



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Persons Responsible for Corrective Action : Sherri Cripe, Title 1 Program Administrator
Karen Zackfia, Director of Business and Finance

Contact Phone Number: Sherri Cripe, 219-285-2258; Karen Zackfia, 219-285-2228


We concur with the finding.

Description of Corrective Action Plan:

The initial recommendation of students for Title 1 services was completed by the Classroom Teacher based upon teacher input and testing data. The testing data was from various sources including NWEA Reading, ESGI, and Fountas & Pinnell Reading Levels. The Title 1 Employees reviewed the initial recommendation of the Classroom Teacher to determine students' eligibility for Title 1 services. The review will be documented with initials and the date. Now, a review of the determination of students' eligibility for Title 1 services or second review will be completed by the Title 1 Program Administrator and documented with initials and date.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is December 1, 2017.



(Signature)

Title 1 Program Administrator

(Title)

November 2, 2017

(Date)



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Superintendent

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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Persons Responsible for Corrective Action : Sherri Cripe, Title 1 Program Administrator
Karen Zackfia, Director of Business and Finance

Contact Phone Number: Sherri Cripe, 219-285-2258; Karen Zackfia, 219-285-2228

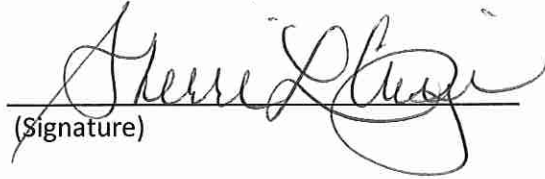
We concur with the finding.

Description of Corrective Action Plan:

The Special Tests – Annual Report Card, High School Graduation Rate compliance requirement was completed by the Registrar. Now in addition, the Registrar will print the related reports and the Principal will review for accuracy. Documentation of the review will be completed with initials and the date. After approval of the Principal, the Registrar will submit the reports to the Indiana Department of Education.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is December 1, 2017.



(Signature)

Title 1 Program Administrator

(Title)

November 2, 2017

(Date)



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Persons Responsible for Corrective Action : Karen Zackfia, Director of Business and Finance
Contact Phone Number: 219-285-2228

We concur with the finding.

Description of Corrective Action Plan:

The Level of Effort – Maintenance of Effort was completed by the Director of Business and Finance from the financial records of the school corporation. The documents are initialed and dated. Now, the Level of Effort –Maintenance of Effort will be reviewed before submission by the Superintendent or designee for accuracy. The review will be documented with initials and the date.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is December 1, 2017.



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(Date)



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Director of Business and Finance

CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Persons Responsible for Corrective Action : Karen Zackfia, Director of Business and Finance
Contact Phone Number: 219-285-2228

We concur with the finding.

Description of Corrective Action Plan:

In order to be in compliance with OMB Circular A-133, Subpart C, section .300 regarding Suspension and Debarment requirements the School Corporation/Special Education Cooperative will:

- A) Check the SAM exclusions by checking the website (sam.gov) to verify status *or*
 - B) Collect a certification from that person or contractor (see attachment)
- prior to entering into any contractual agreement. Documentation of the above actions will be maintained at both offices of the Rensselaer Central School Corporation and Cooperative School Services.

Anticipated Completion Date:

The anticipated completion date for the corrective action plan is December 1, 2017.



(Signature)

Director of Business and Finance

(Title)

November 2, 2017

(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/>.