

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, 2016 to June 30, 2018



FILED
04/24/2019

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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	07-01-16 to 06-30-19
Superintendent of Schools	Destin L. Haas Sherri Cripe (interim) Dr. Robert Boyd (interim)	07-01-16 to 02-03-19 02-04-19 to 03-03-19 03-04-19 to 06-30-19
President of the School Board	Michael Russell	01-01-16 to 12-31-19



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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, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2019, 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 solely 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 effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 25, 2019



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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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 25, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 25, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

NORTH NEWTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 1,205,451	\$ 9,247,260	\$ 8,756,355	\$ (202,080)	\$ 1,494,276	\$ 9,548,935	\$ 9,314,235	\$ (209,233)	\$ 1,519,743
Debt Service	1,013,563	3,533,617	3,222,181	(26,383)	1,298,616	3,605,188	3,633,758	(17,603)	1,252,443
Retirement/Severance Bond Debt Service	175,669	271,670	277,453	-	169,886	282,100	278,805	-	173,181
Capital Projects	430,219	1,805,312	1,807,681	(99,728)	328,122	1,479,507	1,380,871	(84,492)	342,266
School Transportation	529,167	1,610,281	1,458,826	(299,966)	380,656	1,662,463	1,353,460	(290,000)	399,659
School Bus Replacement	173,303	276,283	276,449	-	173,137	281,238	248,759	-	205,616
Rainy Day	821,541	100,689	258,380	400,000	1,063,850	124,726	62,236	375,000	1,501,340
Construction Fund 2015	1,663,000	-	1,650,900	-	12,100	-	12,100	-	-
Construction Fund 2016	-	-	456,645	1,699,613	1,242,968	-	1,134,402	-	108,566
School Lunch	162,671	606,285	706,274	200	62,882	607,706	625,658	-	44,930
Textbook Rental	107,899	158,086	180,888	26,383	111,480	149,207	164,933	17,603	113,357
Self-Insurance	-	-	-	-	-	14,469	12,039	-	2,430
Levy Excess	-	-	-	-	-	-	-	-	-
Judgments MTBE	278,012	-	99,384	-	178,628	-	447	-	178,181
Educational License Plates	8,850	38	-	-	8,888	37	-	-	8,925
Alternative Education	24,534	7,351	57,363	60,000	34,522	8,811	59,406	65,000	48,927
Early Intervention Grant	-	6,502	210	-	6,292	7,579	13,795	-	76
Lilly Endowment CCI Grant	-	30,000	27,320	-	2,680	-	2,680	-	-
Donation Cafeteria Meals Mor	-	639	135	-	504	-	40	-	464
Donation After School Corp	-	100	-	(100)	-	-	-	-	-
Donation Cafeteria Meals HS	392	-	230	-	162	-	162	-	-
Donation Staff Travel Corp	1,135	-	1,135	-	-	-	-	-	-
Donation Cafeteria Meals Lin	-	-	-	-	-	150	22	-	128
Donation Newton County STEP AHEAD	329	-	-	-	329	-	-	-	329
Donation CPR Class Corp	40	-	-	-	40	-	-	-	40
Donation Staff Incentives Corp	740	2,052	933	-	1,859	1,360	2,444	-	775
Donation Student Incentive Corp	250	13	263	-	-	925	424	-	501
Donation Equipment Mor	-	1,000	895	-	105	-	-	-	105
Donation Library Mor	-	200	198	-	2	100	102	-	-
Donation ExxonMobil Mor	681	500	-	-	1,181	500	-	-	1,681
Donation Class Supplies Mor	136	-	-	-	136	-	-	-	136
Donation Playground Equip Mor	-	240	-	-	240	-	-	-	240
Donation Artist Mor	79	-	-	-	79	-	-	-	79
Donation Robotics/STEM Mor	1,672	-	-	-	1,672	8,149	824	-	8,997
Donation Healthy Kids LV	326	-	-	-	326	-	-	-	326
Donation Library Books LV	500	-	260	-	240	-	240	-	-
Donation Backpack Program LV	4,169	4,077	8,246	-	-	8,254	8,254	-	-
Donation Newton County Foundation Lin	-	1,149	1,059	-	90	-	-	-	90
Donation Books Lin	-	7,100	2,100	-	5,000	-	4,982	-	18
Donation Supplies Lin	129	-	-	-	129	3	68	-	64
Donation NWISWD Lin	1,859	-	1,611	-	248	-	-	-	248
Donation Instructional Lin	-	350	344	-	6	500	500	-	6

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, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
Donation Equipment Lin	-	1,000	-	-	1,000	-	-	-	1,000
Donation NWISWD Grant Lin	-	5,000	-	-	5,000	-	4,071	-	929
Donation Jasper Cty Foundation	-	-	-	-	-	496	496	-	-
Donation Jasper County Foundation	-	-	-	-	-	1,600	1,600	-	-
Donation Reading Books NNJSHS	631	-	-	-	631	-	-	-	631
Donation Supplies NNJSHS	-	-	-	-	-	6	6	-	-
Donation Technology NNJSHS	218	-	-	-	218	-	-	-	218
Donation Science Labs NNJSHS	45	-	-	-	45	-	-	-	45
Donation Chemistry Labs NNJSHS	12	-	-	-	12	-	-	-	12
Donation FACS NNJSHS	854	-	-	-	854	-	-	-	854
Donation Picnic Tables NNJSHS	-	40	-	-	40	-	-	-	40
Donation Drama Equipment NNJSHS	300	-	-	-	300	-	-	-	300
Donation Target NNJSHS	487	-	487	-	-	-	-	-	-
Donation Athletics NNJSHS	-	9,000	9,000	-	-	-	-	-	-
Instructional Support Library NNJSHS	240	-	-	-	240	-	-	-	240
Instruction Support NWISWD Grant Mor	7	-	-	-	7	-	-	-	7
Instruction Support Voya NNJSHS	-	2,000	887	-	1,113	-	951	-	162
Formative Assessment	-	16,329	-	-	16,329	-	-	-	16,329
Common School Loan Technology	-	140,275	140,275	-	-	-	-	-	-
Step Ahead	1,543	5,894	5,160	100	2,377	6,982	7,061	-	2,298
Medicaid Reimbursement	-	19,256	-	(19,256)	-	5,861	-	(4,346)	1,515
Secured Schools Safety Grant	-	50,000	97,080	-	(47,080)	47,080	-	-	-
School Technology	482	8,468	6,157	-	2,793	11,010	10,765	-	3,038
Technology Grants [IC 20-40-15]	42,854	-	56,247	163,271	149,878	-	176,378	150,547	124,047
Career and Technical Performance Grant	-	5,311	-	-	5,311	6,552	5,145	-	6,718
Performance Based Awards	2	33,443	33,445	-	-	41,015	41,015	-	-
Miscellaneous Programs	130	-	-	-	130	-	-	-	130
Title I 15-16	(5,724)	50,693	44,969	-	-	-	-	-	-
Title I 16-17	-	143,411	148,170	-	(4,759)	36,899	32,140	-	-
Title I 17-18	-	-	-	-	-	105,753	111,253	-	(5,500)
Title IV Part A 18-19	-	-	-	-	-	3,500	3,500	-	-
Medicaid Reimbursement - Federal	21,198	35,247	2,835	-	53,610	10,460	3,698	-	60,372
Title II Part A 15-16	(2,579)	10,493	5,979	(1,935)	-	-	-	-	-
Title II Part A 16-17	-	51,363	54,003	-	(2,640)	14,240	9,632	(1,968)	-
Title II Part A 17-18	-	-	-	-	-	53,971	56,541	-	(2,570)
Prepaid Lunch	419	193,752	194,495	-	(324)	194,373	188,589	-	5,460
Payroll Withholdings	-	2,210,627	2,210,627	-	-	2,207,128	2,207,128	-	-
Totals	\$ 6,667,435	\$ 20,662,396	\$ 22,263,534	\$ 1,700,119	\$ 6,766,416	\$ 20,538,833	\$ 21,175,615	\$ 508	\$ 6,130,142

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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

NORTH NEWTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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 some of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Prepaid Lunch fund balance at June 30, 2017, contained a deficit in cash due to expenditures exceeding receipts.

Note 8. Holding Corporation

The School Corporation has entered into a separate capital lease with the North Newton 2011 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2017 and 2018, totaled \$208,000 and \$207,500, respectively.

The School Corporation has entered into a separate capital lease with the 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, 2017 and 2018, totaled \$224,500 and \$406,500, respectively.

The School Corporation has entered into a separate capital lease with the North Newton 2018 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 year ended June 30, 2018, totaled \$638,500.

Note 9. Subsequent Events

On August 8, 2018, the School Corporation received the final proceeds from the \$2,350,000 General Obligation Bonds of 2018 for the purpose of paying the costs of renovations and improvements to school facilities throughout the district, including safety improvements, security improvements, technology improvements, site improvements, and issuance costs.

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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 Indiana Gateway for Government Units 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, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2015	Construction Fund 2016	School Lunch
Cash and investments - beginning	\$ 1,205,451	\$ 1,013,563	\$ 175,669	\$ 430,219	\$ 529,167	\$ 173,303	\$ 821,541	\$ 1,663,000	\$ -	\$ 162,671
Receipts:										
Local sources	145,423	2,733,617	271,670	1,221,141	1,350,873	276,283	63,896	-	-	204,595
Intermediate sources	6,658	-	-	-	-	-	-	-	-	-
State sources	9,090,557	-	-	-	-	-	-	-	-	6,108
Federal sources	-	-	-	-	-	-	-	-	-	395,582
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	800,000	-	550,000	250,000	-	-	-	-	-
Other	4,622	-	-	34,171	9,408	-	36,793	-	-	-
Total receipts	9,247,260	3,533,617	271,670	1,805,312	1,610,281	276,283	100,689	-	-	606,285
Disbursements:										
Instruction	5,838,003	-	-	-	-	-	-	-	-	-
Support services	2,773,087	-	-	825,021	1,020,392	276,449	-	-	-	-
Noninstructional services	145,265	-	-	-	-	-	-	-	-	662,139
Facilities acquisition and construction	-	-	-	432,660	188,434	-	258,380	1,650,900	456,645	44,135
Debt service	-	2,422,181	277,453	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	800,000	-	550,000	250,000	-	-	-	-	-
Total disbursements	8,756,355	3,222,181	277,453	1,807,681	1,458,826	276,449	258,380	1,650,900	456,645	706,274
Excess (deficiency) of receipts over disbursements	490,905	311,436	(5,783)	(2,369)	151,455	(166)	(157,691)	(1,650,900)	(456,645)	(99,989)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,699,613	-
Sale of capital assets	-	-	-	272	34	-	-	-	-	200
Transfers in	21,191	-	-	-	-	-	400,000	-	-	-
Transfers out	(223,271)	(26,383)	-	(100,000)	(300,000)	-	-	-	-	-
Total other financing sources (uses)	(202,080)	(26,383)	-	(99,728)	(299,966)	-	400,000	-	1,699,613	200
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	288,825	285,053	(5,783)	(102,097)	(148,511)	(166)	242,309	(1,650,900)	1,242,968	(99,789)
Cash and investments - ending	\$ 1,494,276	\$ 1,298,616	\$ 169,886	\$ 328,122	\$ 380,656	\$ 173,137	\$ 1,063,850	\$ 12,100	\$ 1,242,968	\$ 62,882

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, 2017

	Textbook Rental	Self- Insurance	Levy Excess	Judgments MTBE	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Endowment CCI Grant	Donation Cafeteria Meals Mor	Donation After School Corp
Cash and investments - beginning	\$ 107,899	\$ -	\$ -	\$ 278,012	\$ 8,850	\$ 24,534	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	100,952	-	-	-	-	-	-	30,000	639	100
Intermediate sources	-	-	-	-	38	-	-	-	-	-
State sources	57,134	-	-	-	-	7,351	6,502	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	158,086	-	-	-	38	7,351	6,502	30,000	639	100
Disbursements:										
Instruction	-	-	-	-	-	57,363	210	-	-	-
Support services	180,888	-	-	-	-	-	-	27,320	-	-
Noninstructional services	-	-	-	-	-	-	-	-	135	-
Facilities acquisition and construction	-	-	-	99,384	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	180,888	-	-	99,384	-	57,363	210	27,320	135	-
Excess (deficiency) of receipts over disbursements	(22,802)	-	-	(99,384)	38	(50,012)	6,292	2,680	504	100
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	26,383	-	-	-	-	60,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(100)
Total other financing sources (uses)	26,383	-	-	-	-	60,000	-	-	-	(100)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,581	-	-	(99,384)	38	9,988	6,292	2,680	504	-
Cash and investments - ending	\$ 111,480	\$ -	\$ -	\$ 178,628	\$ 8,888	\$ 34,522	\$ 6,292	\$ 2,680	\$ 504	\$ -

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, 2017

	Donation Cafeteria Meals HS	Donation Staff Travel Corp	Donation Cafeteria Meals Lin	Donation Newton County STEP AHEAD	Donation CPR Class Corp	Donation Staff Incentive Corp	Donation Student Incentive Corp	Donation Equipment Mor	Donation Library Mor	Donation ExxonMobil Mor
Cash and investments - beginning	\$ 392	\$ 1,135	\$ -	\$ 329	\$ 40	\$ 740	\$ 250	\$ -	\$ -	\$ 681
Receipts:										
Local sources	-	-	-	-	-	2,052	13	1,000	200	500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	2,052	13	1,000	200	500
Disbursements:										
Instruction	-	1,135	-	-	-	588	263	895	-	-
Support services	-	-	-	-	-	345	-	-	198	-
Noninstructional services	230	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	230	1,135	-	-	-	933	263	895	198	-
Excess (deficiency) of receipts over disbursements	(230)	(1,135)	-	-	-	1,119	(250)	105	2	500
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	(230)	(1,135)	-	-	-	1,119	(250)	105	2	500
Cash and investments - ending	\$ 162	\$ -	\$ -	\$ 329	\$ 40	\$ 1,859	\$ -	\$ 105	\$ 2	\$ 1,181

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, 2017

	Donation Class Supplies Mor	Donation Playground Equipment Mor	Donation Artist Mor	Donation Robotics/STEM Mor	Donation Healthy Kids LV	Donation Library Books LV	Donation Backpack Program LV	Donation Newton County Foundation Lin	Donation Books Lin	Donation Supplies Lin
Cash and investments - beginning	\$ 136	\$ -	\$ 79	\$ 1,672	\$ 326	\$ 500	\$ 4,169	\$ -	\$ -	\$ 129
Receipts:										
Local sources	-	240	-	-	-	-	4,077	1,149	7,100	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	240	-	-	-	-	4,077	1,149	7,100	-
Disbursements:										
Instruction	-	-	-	-	-	-	8,246	1,059	-	-
Support services	-	-	-	-	-	260	-	-	2,100	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	260	8,246	1,059	2,100	-
Excess (deficiency) of receipts over disbursements	-	240	-	-	-	(260)	(4,169)	90	5,000	-
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	-	240	-	-	-	(260)	(4,169)	90	5,000	-
Cash and investments - ending	\$ 136	\$ 240	\$ 79	\$ 1,672	\$ 326	\$ 240	\$ -	\$ 90	\$ 5,000	\$ 129

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, 2017

	Donation NWISWD Lin	Donation Instructional Lin	Donation Equipment Lin	Donation NWISWD Grant Lin	Donation Jasper Cty Foundation	Donation Jasper County Foundation	Donation Reading Books NNJSHS	Donation Supplies NNJSHS	Donation Technology NNJSHS	Donation Science Labs NNJSHS
Cash and investments - beginning	\$ 1,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631	\$ -	\$ 218	\$ 45
Receipts:										
Local sources	-	350	1,000	5,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	350	1,000	5,000	-	-	-	-	-	-
Disbursements:										
Instruction	1,611	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	344	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,611	344	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(1,611)	6	1,000	5,000	-	-	-	-	-	-
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	(1,611)	6	1,000	5,000	-	-	-	-	-	-
Cash and investments - ending	\$ 248	\$ 6	\$ 1,000	\$ 5,000	\$ -	\$ -	\$ 631	\$ -	\$ 218	\$ 45

NORTH NEWTON SCHOOL CORPORATION
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	Donation Chemistry Labs NNJSHS	Donation FACS NNJSHS	Donation Picnic Tables NNJSHS	Donation Drama Equipment NNJSHS	Donation Target NNJSHS	Donation Athletics NNJSHS	Instructional Support Library NNJSHS	Instruction Support NWIWD Grant Mor	Instructional Support Voya NNJSHS	Formative Assessment
Cash and investments - beginning	\$ 12	\$ 854	\$ -	\$ 300	\$ 487	\$ -	\$ 240	\$ 7	\$ -	\$ -
Receipts:										
Local sources	-	-	40	-	-	9,000	-	-	2,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	16,329
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	40	-	-	9,000	-	-	2,000	16,329
Disbursements:										
Instruction	-	-	-	-	487	9,000	-	-	887	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	487	9,000	-	-	887	-
Excess (deficiency) of receipts over disbursements	-	-	40	-	(487)	-	-	-	1,113	16,329
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	-	-	40	-	(487)	-	-	-	1,113	16,329
Cash and investments - ending	\$ 12	\$ 854	\$ 40	\$ 300	\$ -	\$ -	\$ 240	\$ 7	\$ 1,113	\$ 16,329

NORTH NEWTON SCHOOL CORPORATION
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Common School Loan Technology	Step Ahead	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Performance Based Awards	Miscellaneous Programs	Title I 15-16
Cash and investments - beginning	\$ -	\$ 1,543	\$ -	\$ -	\$ 482	\$ 42,854	\$ -	\$ 2	\$ 130	\$ (5,724)
Receipts:										
Local sources	-	5,894	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	19,256	50,000	8,468	-	-	33,443	-	-
Federal sources	-	-	-	-	-	-	5,311	-	-	50,693
Temporary loans	140,275	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	140,275	5,894	19,256	50,000	8,468	-	5,311	33,443	-	50,693
Disbursements:										
Instruction	-	-	-	-	-	-	-	33,445	-	44,969
Support services	-	-	-	-	6,157	56,247	-	-	-	-
Noninstructional services	-	5,160	-	-	-	-	-	-	-	-
Facilities acquisition and construction	140,275	-	-	97,080	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	140,275	5,160	-	97,080	6,157	56,247	-	33,445	-	44,969
Excess (deficiency) of receipts over disbursements	-	734	19,256	(47,080)	2,311	(56,247)	5,311	(2)	-	5,724
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	100	-	-	-	163,271	-	-	-	-
Transfers out	-	-	(19,256)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	100	(19,256)	-	-	163,271	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	834	-	(47,080)	2,311	107,024	5,311	(2)	-	5,724
Cash and investments - ending	\$ -	\$ 2,377	\$ -	\$ (47,080)	\$ 2,793	\$ 149,878	\$ 5,311	\$ -	\$ 130	\$ -

NORTH NEWTON SCHOOL CORPORATION
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	Title I 16-17	Title I 17-18	Title IV Part A 18-19	Medicaid Reimbursement - Federal	Title II Part A 15-16	Title II Part A 16-17	Title II Part A 17-18	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 21,198	\$ (2,579)	\$ -	\$ -	\$ 419	\$ -	\$ 6,667,435
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	6,438,804
Intermediate sources	-	-	-	-	-	-	-	-	-	6,696
State sources	-	-	-	-	-	-	-	-	-	9,295,148
Federal sources	143,411	-	-	35,247	10,493	51,363	-	-	-	692,100
Temporary loans	-	-	-	-	-	-	-	-	-	140,275
Interfund loans	-	-	-	-	-	-	-	-	-	1,600,000
Other	-	-	-	-	-	-	-	193,752	2,210,627	2,489,373
Total receipts	143,411	-	-	35,247	10,493	51,363	-	193,752	2,210,627	20,662,396
Disbursements:										
Instruction	148,170	-	-	1,628	5,979	54,003	-	-	-	6,207,941
Support services	-	-	-	1,207	-	-	-	-	-	5,169,671
Noninstructional services	-	-	-	-	-	-	-	-	-	812,929
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	3,368,237
Debt service	-	-	-	-	-	-	-	-	-	2,699,634
Nonprogrammed charges	-	-	-	-	-	-	-	194,495	2,210,627	2,405,122
Interfund loans	-	-	-	-	-	-	-	-	-	1,600,000
Total disbursements	148,170	-	-	2,835	5,979	54,003	-	194,495	2,210,627	22,263,534
Excess (deficiency) of receipts over disbursements	(4,759)	-	-	32,412	4,514	(2,640)	-	(743)	-	(1,601,138)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	1,699,613
Sale of capital assets	-	-	-	-	-	-	-	-	-	506
Transfers in	-	-	-	-	-	-	-	-	-	670,945
Transfers out	-	-	-	-	(1,935)	-	-	-	-	(670,945)
Total other financing sources (uses)	-	-	-	-	(1,935)	-	-	-	-	1,700,119
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,759)	-	-	32,412	2,579	(2,640)	-	(743)	-	98,981
Cash and investments - ending	\$ (4,759)	\$ -	\$ -	\$ 53,610	\$ -	\$ (2,640)	\$ -	\$ (324)	\$ -	\$ 6,766,416

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 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction Fund 2015	Construction Fund 2016	School Lunch
Cash and investments - beginning	\$ 1,494,276	\$ 1,298,616	\$ 169,886	\$ 328,122	\$ 380,656	\$ 173,137	\$ 1,063,850	\$ 12,100	\$ 1,242,968	\$ 62,882
Receipts:										
Local sources	248,568	3,005,188	282,100	1,179,117	1,362,463	281,238	124,726	-	-	189,875
Intermediate sources	13,317	-	-	-	-	-	-	-	-	-
State sources	9,286,875	-	-	-	-	-	-	-	-	5,333
Federal sources	-	-	-	-	-	-	-	-	-	412,498
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	600,000	-	300,000	300,000	-	-	-	-	-
Other	175	-	-	390	-	-	-	-	-	-
Total receipts	9,548,935	3,605,188	282,100	1,479,507	1,662,463	281,238	124,726	-	-	607,706
Disbursements:										
Instruction	6,112,195	-	-	-	-	-	-	-	-	-
Support services	3,051,411	-	-	843,707	1,043,289	248,759	-	-	-	-
Noninstructional services	145,529	-	-	-	-	-	-	-	-	625,108
Facilities acquisition and construction	-	-	-	237,164	10,171	-	62,236	12,100	1,134,402	550
Debt service	-	3,033,758	278,805	-	-	-	-	-	-	-
Nonprogrammed charges	5,100	-	-	-	-	-	-	-	-	-
Interfund loans	-	600,000	-	300,000	300,000	-	-	-	-	-
Total disbursements	9,314,235	3,633,758	278,805	1,380,871	1,353,460	248,759	62,236	12,100	1,134,402	625,658
Excess (deficiency) of receipts over disbursements	234,700	(28,570)	3,295	98,636	309,003	32,479	62,490	(12,100)	(1,134,402)	(17,952)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	508	-	-	-	-	-	-
Transfers in	6,314	-	-	-	-	-	375,000	-	-	-
Transfers out	(215,547)	(17,603)	-	(85,000)	(290,000)	-	-	-	-	-
Total other financing sources (uses)	(209,233)	(17,603)	-	(84,492)	(290,000)	-	375,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,467	(46,173)	3,295	14,144	19,003	32,479	437,490	(12,100)	(1,134,402)	(17,952)
Cash and investments - ending	\$ 1,519,743	\$ 1,252,443	\$ 173,181	\$ 342,266	\$ 399,659	\$ 205,616	\$ 1,501,340	\$ -	\$ 108,566	\$ 44,930

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 For the Year Ended June 30, 2018

	Textbook Rental	Self- Insurance	Levy Excess	Judgments MTBE	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Endowment CCI Grant	Donation Cafeteria Meals Mor	Donation After School Corp	Donation Cafeteria Meals HS
Cash and investments - beginning	\$ 111,480	\$ -	\$ -	\$ 178,628	\$ 8,888	\$ 34,522	\$ 6,292	\$ 2,680	\$ 504	\$ -	\$ 162
Receipts:											
Local sources	92,389	14,469	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	37	-	-	-	-	-	-
State sources	56,818	-	-	-	-	8,811	7,579	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	149,207	14,469	-	-	37	8,811	7,579	-	-	-	-
Disbursements:											
Instruction	-	-	-	-	-	59,406	13,351	-	-	-	-
Support services	164,933	12,039	-	-	-	-	444	2,680	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	40	-	162
Facilities acquisition and construction	-	-	-	447	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	164,933	12,039	-	447	-	59,406	13,795	2,680	40	-	162
Excess (deficiency) of receipts over disbursements	(15,726)	2,430	-	(447)	37	(50,595)	(6,216)	(2,680)	(40)	-	(162)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	17,603	-	-	-	-	65,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	17,603	-	-	-	-	65,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,877	2,430	-	(447)	37	14,405	(6,216)	(2,680)	(40)	-	(162)
Cash and investments - ending	\$ 113,357	\$ 2,430	\$ -	\$ 178,181	\$ 8,925	\$ 48,927	\$ 76	\$ -	\$ 464	\$ -	\$ -

NORTH NEWTON SCHOOL CORPORATION
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	Donation Staff Travel Corp	Donation Cafeteria Meals Lin	Donation Newton County STEP AHEAD	Donation CPR Class Corp	Donation Staff Incentive Corp	Donation Student Incentive Corp	Donation Equipment Mor	Donation Library Mor	Donation ExxonMobil Mor	Donation Class Supplies Mor	Donation Playground Equipment Mor
Cash and investments - beginning	\$ -	\$ -	\$ 329	\$ 40	\$ 1,859	\$ -	\$ 105	\$ 2	\$ 1,181	\$ 136	\$ 240
Receipts:											
Local sources	-	150	-	-	1,360	925	-	100	500	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	150	-	-	1,360	925	-	100	500	-	-
Disbursements:											
Instruction	-	-	-	-	-	424	-	-	-	-	-
Support services	-	-	-	-	2,444	-	-	102	-	-	-
Noninstructional services	-	22	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	22	-	-	2,444	424	-	102	-	-	-
Excess (deficiency) of receipts over disbursements	-	128	-	-	(1,084)	501	-	(2)	500	-	-
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	-	128	-	-	(1,084)	501	-	(2)	500	-	-
Cash and investments - ending	\$ -	\$ 128	\$ 329	\$ 40	\$ 775	\$ 501	\$ 105	\$ -	\$ 1,681	\$ 136	\$ 240

NORTH NEWTON SCHOOL CORPORATION
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	Donation Artist Mor	Donation Robotics/STEM Mor	Donation Healthy Kids LV	Donation Library Books LV	Donation Backpack Program LV	Donation Newton County Foundation Lin	Donation Books Lin	Donation Supplies Lin	Donation NWISWD Lin	Donation Instructional Lin
Cash and investments - beginning	\$ 79	\$ 1,672	\$ 326	\$ 240	\$ -	\$ 90	\$ 5,000	\$ 129	\$ 248	\$ 6
Receipts:										
Local sources	-	8,149	-	-	8,254	-	-	3	-	500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	8,149	-	-	8,254	-	-	3	-	500
Disbursements:										
Instruction	-	824	-	-	8,254	-	4,982	68	-	500
Support services	-	-	-	240	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	824	-	240	8,254	-	4,982	68	-	500
Excess (deficiency) of receipts over disbursements	-	7,325	-	(240)	-	-	(4,982)	(65)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,325	-	(240)	-	-	(4,982)	(65)	-	-
Cash and investments - ending	\$ 79	\$ 8,997	\$ 326	\$ -	\$ -	\$ 90	\$ 18	\$ 64	\$ 248	\$ 6

NORTH NEWTON SCHOOL CORPORATION
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	Donation Equipment Lin	Donation NWISWD Grant Lin	Donation Jasper Cty Foundation	Donation Jasper County Foundation	Donation Reading Books NNJSHS	Donation Supplies NNJSHS	Donation Technology NNJSHS	Donation Science Labs NNJSHS	Donation Chemistry Labs NNJSHS	Donation FACS NNJSHS	Donation Picnic Tables NNJSHS
Cash and investments - beginning	\$ 1,000	\$ 5,000	\$ -	\$ -	\$ 631	\$ -	\$ 218	\$ 45	\$ 12	\$ 854	\$ 40
Receipts:											
Local sources	-	-	496	1,600	-	6	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	496	1,600	-	6	-	-	-	-	-
Disbursements:											
Instruction	-	4,071	496	1,600	-	6	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	4,071	496	1,600	-	6	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(4,071)	-	-	-	-	-	-	-	-	-
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	-	(4,071)	-	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ 1,000	\$ 929	\$ -	\$ -	\$ 631	\$ -	\$ 218	\$ 45	\$ 12	\$ 854	\$ 40

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	Donation Drama Equipment NNJSHS	Donation Target NNJSHS	Donation Athletics NNJSHS	Instructional Support Library NNJSHS	Instruction Support NWISWD Grant Mor	Instructional Support Voya NNJSHS	Formative Assessment	Common School Loan Technology	Step Ahead	Medicaid Reimbursement
Cash and investments - beginning	\$ 300	\$ -	\$ -	\$ 240	\$ 7	\$ 1,113	\$ 16,329	\$ -	\$ 2,377	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	6,982	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	5,861
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	6,982	5,861
Disbursements:										
Instruction	-	-	-	-	-	951	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	7,061	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	951	-	-	7,061	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(951)	-	-	(79)	5,861
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(4,346)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(4,346)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(951)	-	-	(79)	1,515
Cash and investments - ending	\$ 300	\$ -	\$ -	\$ 240	\$ 7	\$ 162	\$ 16,329	\$ -	\$ 2,298	\$ 1,515

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	Secured Schools Safety Grant	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Performance Based Awards	Miscellaneous Programs	Title I 15-16	Title I 16-17	Title I 17-18	Title IV Part A 18-19
Cash and investments - beginning	\$ (47,080)	\$ 2,793	\$ 149,878	\$ 5,311	\$ -	\$ 130	\$ -	\$ (4,759)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	47,080	11,010	-	-	41,015	-	-	-	-	-
Federal sources	-	-	-	6,552	-	-	36,899	105,753	3,500	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	47,080	11,010	-	6,552	41,015	-	36,899	105,753	3,500	-
Disbursements:										
Instruction	-	-	-	5,145	41,015	-	31,919	111,253	-	-
Support services	-	10,765	176,378	-	-	-	-	-	3,500	-
Noninstructional services	-	-	-	-	-	-	221	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	10,765	176,378	5,145	41,015	-	32,140	111,253	3,500	-
Excess (deficiency) of receipts over disbursements	47,080	245	(176,378)	1,407	-	-	4,759	(5,500)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	150,547	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	150,547	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,080	245	(25,831)	1,407	-	-	4,759	(5,500)	-	-
Cash and investments - ending	\$ -	\$ 3,038	\$ 124,047	\$ 6,718	\$ -	\$ 130	\$ -	\$ -	\$ (5,500)	\$ -

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, 2018

	Medicaid Reimbursement - Federal	Title II Part A 15-16	Title II Part A 16-17	Title II Part A 17-18	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 53,610	\$ -	\$ (2,640)	\$ -	\$ (324)	\$ -	\$ 6,766,416
Receipts:							
Local sources	-	-	-	-	-	-	6,809,158
Intermediate sources	-	-	-	-	-	-	13,354
State sources	-	-	-	-	-	-	9,470,382
Federal sources	10,460	-	14,240	53,971	-	-	643,873
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	1,200,000
Other	-	-	-	-	194,373	2,207,128	2,402,066
Total receipts	10,460	-	14,240	53,971	194,373	2,207,128	20,538,833
Disbursements:							
Instruction	2,965	-	9,632	56,541	-	-	6,465,598
Support services	733	-	-	-	-	-	5,561,424
Noninstructional services	-	-	-	-	-	-	778,143
Facilities acquisition and construction	-	-	-	-	-	-	1,457,070
Debt service	-	-	-	-	-	-	3,312,563
Nonprogrammed charges	-	-	-	-	188,589	2,207,128	2,400,817
Interfund loans	-	-	-	-	-	-	1,200,000
Total disbursements	3,698	-	9,632	56,541	188,589	2,207,128	21,175,615
Excess (deficiency) of receipts over disbursements	6,762	-	4,608	(2,570)	5,784	-	(636,782)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	508
Transfers in	-	-	-	-	-	-	614,464
Transfers out	-	-	(1,968)	-	-	-	(614,464)
Total other financing sources (uses)	-	-	(1,968)	-	-	-	508
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,762	-	2,640	(2,570)	5,784	-	(636,274)
Cash and investments - ending	\$ 60,372	\$ -	\$ -	\$ (2,570)	\$ 5,460	\$ -	\$ 6,130,142

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NORTH NEWTON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,124,575</u>	<u>\$ 71,060</u>

NORTH NEWTON SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Newton 2011 School Building Corporation	Lease Rental of 2011	\$ 207,000	12/31/2011	12/31/2026
North Newton 2015 School Building Corporation	Lease Rental of 2015	409,000	06/30/2016	12/31/2034
North Newton 2018 School Building Corporation	Lease Rental of 2018	<u>1,274,500</u>	06/30/2018	12/30/2028
Total of annual lease payments		<u>\$ 1,890,500</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 2013		\$ 885,000	\$ 112,175
General obligation bonds	General Obligation Bonds of 2016		430,000	434,300
General obligation bonds	School Severance 2015		<u>416,127</u>	<u>278,939</u>
Totals			<u>\$ 1,731,127</u>	<u>\$ 825,414</u>

NORTH NEWTON SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 62,750
Buildings	22,879,813
Improvements other than buildings	3,577,251
Machinery, equipment, and vehicles	<u>6,972,807</u>
Total capital assets	<u>\$ 33,492,621</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2018-002 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 Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* 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 Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

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, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-006, and 2018-007. Our opinion on each major federal program is not modified with respect to these 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 the Uniform Guidance, 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.


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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 25, 2019

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.

NORTH NEWTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 16-17	\$ -	\$ 82,161	\$ -	\$ -
			FY 17-18	-	-	-	87,630
				<u>-</u>	<u>-</u>	<u>-</u>	<u>87,630</u>
Total - School Breakfast Program				<u>-</u>	<u>82,161</u>	<u>-</u>	<u>87,630</u>
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 16-17	-	313,421	-	-
National School Lunch Program			FY 17-18	-	-	-	324,867
Commodities			FY 16-17	-	56,495	-	-
Commodities			FY 17-18	-	-	-	30,812
				<u>-</u>	<u>-</u>	<u>-</u>	<u>30,812</u>
Total - National School Lunch Program				<u>-</u>	<u>369,916</u>	<u>-</u>	<u>355,679</u>
Total - Child Nutrition Cluster				<u>-</u>	<u>452,077</u>	<u>-</u>	<u>443,309</u>
Total - Department of Agriculture				<u>-</u>	<u>452,077</u>	<u>-</u>	<u>443,309</u>
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-049-PN01	-	77,612	-	209
			14217-049-PN01	-	258,540	-	76,076
			18611-049-PN01	-	-	-	255,423
				<u>-</u>	<u>-</u>	<u>-</u>	<u>255,423</u>
Total - Special Education Grants to States				<u>-</u>	<u>336,152</u>	<u>-</u>	<u>331,708</u>
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45716-049-PN01	-	4,636	-	-
			45717-049-PN01	-	6,588	-	10,909
			18619-049-PN01	-	-	-	5,763
				<u>-</u>	<u>-</u>	<u>-</u>	<u>5,763</u>
Total - Special Education Preschool Grants				<u>-</u>	<u>11,224</u>	<u>-</u>	<u>16,672</u>
Total - Special Education Cluster (IDEA)				<u>-</u>	<u>347,376</u>	<u>-</u>	<u>348,380</u>

NORTH NEWTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			16-5945	-	50,693	-	-
			17-5945	-	143,411	-	36,899
			18-5945	-	-	-	105,773
Total - Title I Grants to Local Educational Agencies				-	194,104	-	142,672
English Language Acquisition Grants	Indiana Department of Education	84.365					
			01117-211-PN01	-	1,622	-	2,091
			01118-204-PN01	-	-	-	1,474
Total - English Language Acquisition Grants				-	1,622	-	3,565
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			14-5945	-	10,493	-	-
			15-5945	-	51,363	-	14,240
			16-5945	-	-	-	53,971
Total - Supporting Effective Instruction State Grants				-	61,856	-	68,211
Student Support and Academic Enrichment Grants	Indiana Department of Education	84.424	S424A170015	-	-	-	3,500
Total - Department of Education				-	604,958	-	566,328
Total federal awards expended				\$ -	\$ 1,057,035	\$ -	\$ 1,009,637

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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. *Special Education Cooperative and Northwest Indiana Education Service Center*

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some of the 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 Cooperative.

The School Corporation is a member of the Northwest Indiana Education Service Center (Service Center). As a result, some activity for the English Language Acquisition State Grants that is presented as a 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 Service Center.

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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Qualified Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Child Nutrition Cluster - Eligibility
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Number and Year (or Other Identifying Number): FY16-17
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Eligibility
 Audit Finding: Material Weakness

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

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that free and reduced price meal applications were accurately evaluated for eligibility during fiscal year 2016-2017. The Food Service Director calculated and determined the status of each application without oversight or review to ensure that the calculations and determinations were accurate.

Context

The lack of controls was a systemic issue during 2016-2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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 to ensure 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 Eligibility 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 Eligibility 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 2018-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation had not designed or implemented adequate internal controls to ensure that proper procurement methods were selected prior to purchasing goods that were not procured through a purchasing cooperative.

The School Corporation did not comply with the procurement requirements since the contracted purchase for dairy was not approved by the School Board as required by the School Corporation policy for fiscal year 2016-2017.

Suspension and Debarment

The School Corporation did not have policies or procedures in place to ensure that vendors not contracted through a third-party purchasing service were not suspended or debarred from participation in federal award programs. The School Corporation relied upon a purchasing cooperative who was responsible for compliance with the suspension and debarment requirements for contracted vendors.

The School Corporation did not comply with the suspension and debarment requirements since they did not have documentation to show that they verified that the dairy vendor was not excluded or disqualified.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was only applicable to 2016-2017.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . .

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

North Newton School Corporation Bylaws and Policies 6325 Procurement - Federal Guidelines

Procurement of all supplies, materials, equipment, and services paid from Federal funds or School Corporation matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, and School Board policies and administrative procedures.

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

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 the 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

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 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.

FINDING 2018-003

Subject: Child Nutrition Cluster - Reporting
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 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not designed or implemented controls to ensure that the required reports during fiscal year 2016-2017 were complete and accurate prior to submission. The Food Service Director prepared and submitted the Annual Financial Report and the School Food Authority (SFA) Verification Collection Report (Verification Report) without oversight, review, or approval.

The School Corporation designed and implemented controls over the 2017-2018 Verification Report, but the controls were not effective. The Verification Report for 2017-2018 was inaccurate. The School Corporation reported 142 students approved for reduced price meals, but the supporting documentation indicated that only 121 students were eligible for reduced price meals, resulting in over-reporting of 21 students.

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

Context

The lack of controls was a systemic issue throughout 2016-2017. The lack of effective controls and the noncompliance over the Verification Reports applied to 2017-2018.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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). . . ."

7 CFR 210.22(b) states in part:

"*Audit procedure.* These requirements call for organization-wide financial and compliance audits to ascertain whether financial operations are conducted properly; financial statements are presented fairly; recipients and subrecipients comply with the laws and regulations that affect the expenditures of Federal funds; recipients and subrecipients have established procedures to meet the objectives of federally assisted programs; and recipients and subrecipients are providing accurate and reliable information concerning grant funds. . . ."

2 CFR 200.302(b) states in part: ". . . . (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the reporting requirements 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 Reporting 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 2018-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

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): 14216-049-PN01, 14217-049-PN01,
45716-049-PN01, 45717-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the allowable costs requirements.

The School Corporation was a participating member school corporation of a Special Education Cooperative (Cooperative). Because the special education grant agreements were between the Indiana Department of Education and each member of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the allowable costs requirements.

For fiscal year 2016-2017, one member school corporation of the Cooperative paid all payroll related costs for all members of the Cooperative and was subsequently reimbursed by the fiscal agent. There were no controls in place to ensure the accuracy of the payroll expenditures reported by the member school corporations. In addition, a review of the vendor claims prior to payment by the fiscal agent was not consistently documented.

The fiscal agent of the Cooperative also paid member school corporations for payroll costs related to speech therapists employed at each member school. Personnel activity reports or equivalent records were not maintained for the 2016-2017 portion of the speech therapists' salaries and related costs charged to the special education programs. The fiscal agent paid each member school corporation based on their grant budgets for speech therapists, which did not properly document time attributable to the grants. The School Corporation paid \$15,400 for speech therapists during 2016-2017 without proper supporting documentation.

Context

The lack of controls and noncompliance were systemic issues during 2016-2017.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS) . . ."

Cause

The School Corporation had not established a proper or effective internal control structure that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles compliance requirement.

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

View of Responsible Officials

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

FINDING 2018-005

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): 14216-049-PN01, 14217-049-PN01,
45716-049-PN01, 45717-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-006.

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 for fiscal year 2016-2017.

One individual prepared and submitted the maintenance of effort report without a proper system of oversight, review, or approval.

Context

The lack of controls was a systemic issue throughout 2016-2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the 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

Management had not developed a system of internal controls to ensure 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 Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with 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 2018-006

Subject: Special Education Cluster (IDEA) - Period of Performance

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): 14216-049-PN01, 14217-049-PN01,
45716-049-PN01, 45717-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

The School Corporation was a participating member school corporation of a Special Education Cooperative (Cooperative). Because the grant agreements were between the Indiana Department of Education (IDOE) and each member of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the Period of Performance compliance requirement.

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

The School Corporation failed to comply with the Period of Performance compliance requirement that all obligations for expenditures made from program funds were incurred within the period of performance. The obligation and/or payment of claims did not occur within the period of performance for transactions charged and recorded to the grant prior to the period of performance.

The fiscal agent for the Cooperative changed on July 1, 2016. The IDOE awarded the remaining grant funds from fiscal year 2015-2016 to the member school corporations through the Cooperative on July 11, 2016. Per the award letter, expenses accrued beginning on July 11, 2016, were eligible for reimbursement. There were underlying obligations for disbursements totaling \$160,755, which occurred prior to the period of performance. The School Corporation's share of the disbursements paid prior to the period of performance was \$17,511.

Context

The lack of controls and the School Corporation's failure to comply with the Period of Performance compliance requirement was an isolated issue, which occurred during the transition of the Cooperative's fiscal agent from one member school corporation to another at the beginning of 2016-2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the 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 200.309 states:

"A non-federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

2 CFR 200.77 states in part:

"Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the Period of Performance 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 Period of Performance 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 2018-007

Subject: Special Education Cluster (IDEA) - Procurement and 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): 14216-049-PN01, 14217-049-PN01,
45716-049-PN01, 45717-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-007.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a participating member school corporation of a Special Education Cooperative (Cooperative). Because the special education grant agreements were between the Indiana Department of Education and each member of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the Procurement and Suspension and Debarment compliance requirement.

The School Corporation relied on the Cooperative to comply with the Procurement and Suspension and Debarment compliance requirement for the special education programs.

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

Procurement

The School Corporation had not established effective controls to ensure that their procurement policies were followed.

The School Corporation failed to comply with the procurement requirement that small purchases and sealed bids must be in compliance with their procurement procedures, as well as state laws and procedures. Small purchase procedures, which require that at least three price or rate quotations be obtained from qualified sources, were not followed. There were no quotes or bids obtained for any purchases during the audit period.

Suspension and Debarment

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues applicable throughout fiscal year 2016-2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the 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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, and other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

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

Rensselaer Central School Corporation Policy 6325 - PROCUREMENT - FEDERAL GRANTS/FUNDS states:

"Small purchase procedures provide for relatively simple and informal procurement methods for securing services, supplies, and other property the cost of which exceeds \$3,500 but is less than the competitive bid threshold of \$100,000. Small purchase procedures require that at least three (3) price or rate quotations shall be obtained from qualified sources."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with 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 Procurement and Suspension and Debarment 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 with the grant agreement, and comply with 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.

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

FINDING 2018-008

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): 16-5945, 17-5945, 18-5945
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

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 in place at the elementary schools to ensure that the real time reports used to determine attendance for eligible schools were uploaded accurately.

Context

The lack of controls was a systemic issue throughout the audit period for all three elementary schools within the School Corporation.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the 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 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 Eligibility compliance requirement. A lack of segregation of duties within an internal control system could have 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.

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

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.

AUDITEE-PREPARED DOCUMENTS

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

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Board of School Trustees: Mr. Michael Russell-President, Mr. Paul Sheldon-Vice President, Mrs. Patricia Reyes-Secretary, Mrs. Christine Belt-Member,
Mrs. Tiffany Fox-Member, Mr. Ronald Gann-Member, and Mrs. Diane Gonczy-Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Karen L. Zackfia, Director of Business and Finance

Contact Phone Number: (219) 285-2228

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-001 was implemented on August 22, 2017. The Director of Business and Finance entered the federal award information into the Indiana Gateway for Government Use (Gateway). Before submission, the Superintendent verified the report to supporting documents.


(Signature)

Director of Business and Finance

(Title)

January 25, 2019

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Karen L. Zackfia
Contact Phone Number: (219) 285-2228

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-002 Written Documentation of Internal Controls was implemented on March 20, 2018.

Receipts - Director of Business and Finance entered the following receipts into Komptrol, printed and reviewed the Receipt Edit. The Deputy Treasurer verified the receipt data on the Receipt Edit to the source documents. Both reviews were documented by initials and the date. Then, Director of Business and Finance print the receipts. Next, the Revenue Posting Journal was printed and reviewed by both the Director of Business and Finance and the Deputy Treasurer and documented with initials and the date. The Deputy Treasurer posted the receipts. If a posting error is found later, posting corrections are documented on a Revenue Adjustment Log and approved by Superintendent before corrections are made by the Director of Business and Finance.

Expenditures - Claims are completed by the Deputy Treasurer. The Director of Business and Finance entered the claims into Komputrol and printed a Voucher Edit. Both the Director of Business and Finance and the Deputy Treasurer reviewed the Voucher Edit and documented with initials and the date. After the Voucher Edit review, vendor checks are printed. The next report printed is the Warrant Journal which lists the check number, vendor name, appropriation number, description, and amount. Both the Director of Business and Finance and the Deputy Treasurer reviewed the Warrant Journal and documented with initials and the date. Claim process is completed. Upon the discovery of an expenditure posting error, posting corrections are documented on an Expenditure Adjustment Log and approved by the Superintendent before corrections are made by the Director of Business and Finance.


(Signature)

Director of Business and Finance

(Title)

January 29, 2019

(Date)



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Superintendent
Destin L. Haas, ED.S.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16

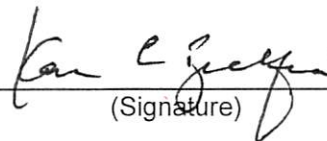
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

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

Contact Phone Number: Karen Warne, (219) 285-2252 ext. 222; Karen L. Zackfia, (219) 285-2228

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-003 Verification of Free and Reduced Price Applications (NSLP) compliance requirement was implemented on December 1, 2017. The Director of Food Service, completed the verification of the Free and Reduced Price Applications and determined eligibility for the program. The Food Service Director documented the results of the eligibility review by signing the back of the application. A second review of the Free and Reduced Price Applications, supporting documents, and eligibility determination was done by a Food Service Employee. After completion of the second review, the Food Service Employee signed off in agreement with the eligibility results.



(Signature)

Director of Business and Finance

(Title)

January 29, 2019

(Date)

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Mrs. Diane Goczy-Member, Mr. John Haas-Member, and Mr. Kevin Rainford-Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16

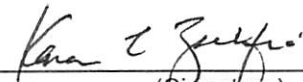
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of
Education

Contact Person Responsible for Corrective Action: Sherri Cripe, Title I Program Administrator
Karen L. Zackfia, Director of Business and Finance

Contact Phone Number: Sherri Cripe, (219) 285-2258; Karen L. Zackfia, (219) 285-2228

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-004 Recommendation for Title I services was implemented on December 1, 2017. The initial recommendation of students for Title I services was completed by the Classroom Teacher based upon his/her input and testing data. A Student Selection form provided by the Indiana Department of Education was completed to document the student's data. A review of the Student Selection form was completed by the Title I Administrator. The review was documented with initials and the date.



(Signature)

Director of Business and Finance

(Title)

January 29, 2019

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16

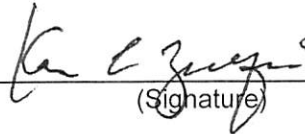
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Sherri Cripe, Title I Program Administrator
Karen L. Zackfia, Director of Business and Finance

Contact Phone Number: Sherri Cripe, (219)285-2258; Karen L. Zackfia, (219) 285-2228

Status of Audit Finding

The Corrective Action Plan for Finding 2016-005 – Special Tests- Annual Report Card, High School Graduation Rate compliance requirement was implemented on December 1, 2017. The Registrar printed the related reports and the Director of Guidance verified the reports for accuracy. Documentation of the review was completed with initials and dates. After review, the Registrar submitted the reports to the Indiana Department of Education.



(Signature)

Director of Business and Finance

(Title)

January 25, 2019

(Date)

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Mrs. Diane Goczy-Member, Mr. John Haas-Member, and Mr. Kevin Rainford-Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-006

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16

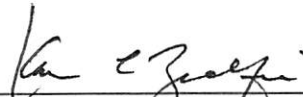
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Karen L. Zackfia

Contact Phone Number: (219) 285-2228

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-006 Level of Effort – Maintenance of Effort was implemented on December 1, 2017. The Director of Business and Finance completed the Level of Effort -Maintenance of Effort from the financial records. The Superintendent reviewed the report before submission for accuracy. The review was documented with initials and the date.



(Signature)

Director of Business and Finance

(Title)

January 25, 2019

(Date)



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Superintendent
Destin L. Haas, ED.S.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

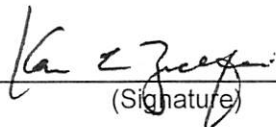
FINDING 2016-007

Fiscal year in which the finding initially occurred: FY 14-15; FY 15-16
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

Status of Audit Finding:

The Corrective Action Plan for Finding 2016-007 Compliance with OMB Circular A-133, Subpart C, Section .300 regarding Suspension and Debarment was implemented in the Spring of 2018 by Cooperative School Services. Cooperative School Services employees looked for SAM exclusions by checking the website (sam.gov) to verify status of vendors and collected a certificate from the vendor before entering into contractual agreements. Documentation is located at the Cooperative School Services office.x



(Signature)

Director of Business and Finance

(Title)

January 25, 2019
(Date)



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Superintendent
Destin L. Haas, ED.S.

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Karen Zackfia, Director of Business and Finance
Karen Warne, Director of Food Service
Contact Phone Number: Karen Zackfia, 219-285-2228; Karen Warne, 219-285-2252 ext. 222

We concur with the finding.

Description of Corrective Action Plan:

Eligibility compliance requirement was not met during 2016-2017 school year because a system of internal controls had not been established to ensure that Free and Reduced Price Meal Applications were accurately evaluated. A system of internal controls was established on December 1, 2017. The Director of Food Service completed the verification of the Free and Reduced Price Applications and determined eligibility for the program. The Director of Food Service documented the results of the eligibility review by signing the back of the application. A second review of the Free and Reduced Price Meal Applications, supporting documents, and eligibility determination was done by a Food Service Employee. After completion of the second review, the Food Service Employee signed off in agreement with the eligibility results.

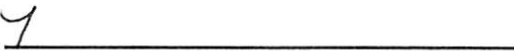
Anticipated Completion Date:

The corrective action plan was implemented on December 1, 2017.



(Signature)

Director of Food Service



(Title)

March 25, 2019

(Date)



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)

ENGAGE. EDUCATE. EMPOWER.

Board of School Trustees: Mr. Michael Russell-President, Mr. Paul Sheldon-Vice President, Mrs. Patricia Reyes-Secretary, Mrs. Tiffany Fox-Member, Mrs. Diane Gonczy-Member, Mr. John Haas-Member, and Mr. Kevin Rainford-Member

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Karen Zackfia, Director of Business and Finance
Karen Warne, Director of Food Service
Contact Phone Number: Karen Zackfia, 219-285-2228; Karen Warne, 219-285-2252 ext. 222

We concur with the finding.

Description of Corrective Action Plan:

Procurement and Suspension and Debarment compliance requirements were not met because a system of internal controls had not been established for 2016-2017 school year when the dairy bid was not approved by the North Newton Board of Trustees. A system of internal controls has been established for Procurement and Suspension and Debarment compliance requirements. All documentation for Procurement and Suspension and Debarment is forwarded by the Director of Food Service to the Director of Business and Finance for review. After the review, any bids are submitted to the North Newton Board of Trustees for approval by the Director of Business and Finance. Then, the Director of Food Service is notified of the approval.

Anticipated Completion Date:

The corrective action plan was implemented on December 1, 2017.




(Signature)

Director of Food Service

(Title)

March 25, 2019

(Date)



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



310 South Lincoln
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-74-

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Dr. Robert Boyd,
Interim Superintendent

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CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Karen Zackfia, Director of Business and Finance
Karen Warne, Director of Food Service
Contact Phone Number: Karen Zackfia, 219-285-2228; Karen Warne, 219-285-2252 ext. 222

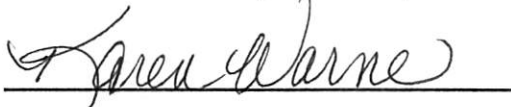
We concur with the finding.

Description of Corrective Action Plan:

Reporting compliance requirement was not met because the system of internal controls was insufficient to ensure accuracy of the Verification Report. The Director of Food Service completed the Verification Report. Before submission, another food service employee reviewed the Verification Report for accuracy. Both the Director of Food Service and food service employee documented their roles with the date and initials. Then, the Director of Food Service submitted the report. The Director of Business and Finance will develop a spreadsheet which will be completed which documents free/reduced at each building. The Director of Food Service will complete the spreadsheet and use it to complete the Verification Report. The spreadsheet along with the Verification Report will be reviewed and verified to data from each building by a food service employee. All tasks will be documented with the date and initials of the employee upon completion.

Anticipated Completion Date:

The corrective action plan was implemented on March 25, 2019.



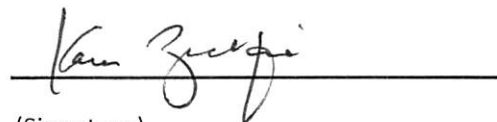
(Signature)

Director of Food Service

(Title)

March 25, 2019

(Date)



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2018-004

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

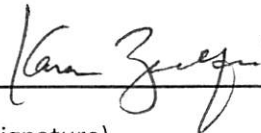
I concur with the finding.

Description of Corrective Action Plan:

Allowable Costs/Cost Principles compliance requirement was not met because a system of internal controls had not been established. The North Newton School Corporation is a participating member school corporation of Cooperative School Services, a special education cooperative. Cooperative School Services has developed internal controls to ensure the Allowable Costs/Cost Principles compliance requirement is met.

Anticipated Completion Date:

The corrective action plan has already been implemented as of March 25, 2019.



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



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Interim Superintendent

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CORRECTIVE ACTION PLAN

FINDING 2018-005

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

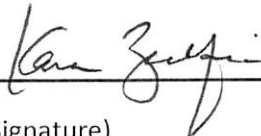
I concur with the finding.

Description of Corrective Action Plan:

The Matching, Level of Effort – Maintenance of Effort, Earmarking procedures were changed as outlined in the prior audit finding number 2016-006 on December 1, 2017. The Matching, Level of Effort-Maintenance of Effort, Earmarking reports are completed by the Director of Business and Finance from the financial records of the North Newton School Corporation. The documents are initialed and dated. Then, the Matching, Level of Effort –Maintenance of Effort, Earmarking documents were reviewed before submission by the Superintendent or designee for accuracy. The review was documented with initials and the date.

Anticipated Completion Date:

The completion date for the correction action plan was December 1, 2017.



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2018-006

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

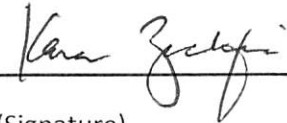
I concur with the finding.

Description of Corrective Action Plan:

Period of Performance compliance requirement was not met because a system of internal controls had not been established. The North Newton School Corporation is a participating member school corporation of Cooperative School Services, a special education cooperative. Cooperative School Services has developed internal controls to ensure the Period of Performance compliance requirement is met.

Anticipated Completion Date:

The corrective action plan has already been implemented as of March 25, 2019.



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2018-007

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

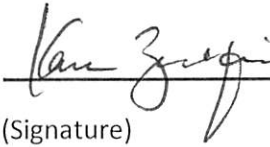
I concur with the finding.

Description of Corrective Action Plan:

Procurement and Suspension and Debarment compliance requirements were not met because a system of internal controls had not been established. The North Newton School Corporation is a participating member school corporation of Cooperative School Services, a special education cooperative. Cooperative School Services has developed internal controls to ensure the Procurement and Suspension and Debarment compliance requirements are met.

Anticipated Completion Date:

The corrective action plan has already been implemented as of March 25, 2019.



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



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Mrs. Diane Gonczy-Member, Mr. John Haas-Member, and Mr. Kevin Rainford-Member

CORRECTIVE ACTION PLAN

FINDING 2018-008

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

I concur with the finding.

Description of Corrective Action Plan:

Eligibility compliance requirement was not met because a system of internal controls had not been established at the three elementary schools for real time reports used to determine attendance for eligible schools were uploaded accurately. The real time reports are exported from the student management system by a building secretary and uploaded into the STN website. Before final submission of the real time reports, the building administrator or designee will review the summary of results for accuracy and document the review with the date and initials. After the view, the final submission will be completed by the building secretary.

Anticipated Completion Date:

The corrective action plan will be implemented on March 25, 2019.



(Signature)

Director of Business and Finance

(Title)

March 25, 2019

(Date)



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Dr. Robert Boyd,
Interim Superintendent

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/>.