

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

AUDIT REPORT  
OF  
NORTHERN WELLS COMMUNITY SCHOOLS  
WELLS COUNTY, INDIANA  
July 1, 2006 to June 30, 2008



**FILED**  
03/20/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brock J. Bowsher Brandon H. Penrod	07-01-06 to 06-30-07 07-01-07 to 06-30-09
Superintendent of Schools	Dr. Gina G. Berridge Dr. Michael R. Sailsbery (Interim) Dr. Scott A. Mills	07-01-06 to 09-01-07 09-02-07 to 12-31-07 01-01-08 to 06-30-09
President of the School Board	Peter L. Confer Gene A. Donaghy	01-01-06 to 12-31-06 01-01-07 to 12-31-09



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

TO: THE OFFICIALS OF THE NORTHERN WELLS  
COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northern Wells Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 23, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

February 23, 2009



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

TO: THE OFFICIALS OF THE NORTHERN WELLS  
COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northern Wells Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated February 23, 2009.

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

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

STATE BOARD OF ACCOUNTS

February 23, 2009

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,825,036	\$ -	\$ 106,256	\$ (10,718,780)
Support services	8,482,089	857,277	415,977	(7,208,835)
Community services	374,367	-	-	(374,367)
Nonprogrammed charges	1,486,018	-	-	(1,486,018)
Debt service	<u>7,709,108</u>	<u>-</u>	<u>-</u>	<u>(7,709,108)</u>
Total governmental activities	<u>\$ 28,876,618</u>	<u>\$ 857,277</u>	<u>\$ 522,233</u>	<u>(27,497,108)</u>
General receipts:				
Property taxes				6,368,064
Other local sources				1,699,369
State aid				9,766,579
Bonds and loans				4,500,000
Grants and contributions not restricted to specific programs				605,111
Sale of property, adjustments, and refunds				65,567
Investment earnings				<u>414,533</u>
Total general receipts				<u>23,419,223</u>
Change in net assets				(4,077,885)
Net assets - beginning				<u>11,518,226</u>
Net assets - ending				<u>\$ 7,440,341</u>
<u>Assets</u>				
Cash and investments				\$ 6,857,951
Restricted assets:				
Cash and investments				<u>582,390</u>
Total assets				<u>\$ 7,440,341</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 582,390
Unrestricted				<u>6,857,951</u>
Total net assets				<u>\$ 7,440,341</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,696,064	\$ -	\$ 237,621	\$ (10,458,443)
Support services	9,983,629	990,349	422,401	(8,570,879)
Community services	374,758	-	-	(374,758)
Nonprogrammed charges	1,792,018	-	-	(1,792,018)
Debt service	6,759,074	-	-	(6,759,074)
	<u>\$ 29,605,543</u>	<u>\$ 990,349</u>	<u>\$ 660,022</u>	<u>(27,955,172)</u>
General receipts:				
Property taxes				9,080,957
Other local sources				1,856,309
State aid				9,270,229
Bonds and loans				2,070,000
Grants and contributions not restricted to specific programs				614,565
Sale of property, adjustments, and refunds				44,790
Investment earnings				138,611
				<u>23,075,461</u>
Change in net assets				(4,879,711)
Net assets - beginning				<u>7,440,341</u>
Net assets - ending				<u>\$ 2,560,630</u>
<u>Assets</u>				
Cash and investments				\$ 2,167,258
Restricted assets:				
Cash and investments				<u>393,372</u>
Total assets				<u>\$ 2,560,630</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 393,372
Unrestricted				<u>2,167,258</u>
Total net assets				<u>\$ 2,560,630</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 4,490,855	\$ 670,720	\$ -	\$ 1,414,139	\$ 1,220,128	\$ 140,726	\$ 199,495	\$ 1,201,696	\$ 9,337,759
Intermediate sources	491	-	-	-	-	-	-	994	1,485
State sources	9,872,599	-	-	-	-	-	-	288,824	10,161,423
Federal sources	-	-	-	-	-	-	-	732,499	732,499
Bonds and loans	4,000,000	500,000	-	-	-	-	-	-	4,500,000
Sale of property, adjustments and refunds	415	-	-	-	29,094	35,001	-	1,057	65,567
<b>Total receipts</b>	<b>18,364,360</b>	<b>1,170,720</b>	<b>-</b>	<b>1,414,139</b>	<b>1,249,222</b>	<b>175,727</b>	<b>199,495</b>	<b>2,225,070</b>	<b>24,798,733</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	10,470,465	-	-	-	-	-	-	354,571	10,825,036
Support services	3,485,716	1,065,286	-	-	2,085,979	262,699	234,068	1,348,341	8,482,089
Community services	249,370	-	-	-	-	-	-	124,997	374,367
Nonprogrammed charges	1,412,371	-	-	-	-	-	-	73,647	1,486,018
Debt services	5,044,362	500,000	-	1,762,932	14,400	-	-	387,414	7,709,108
<b>Total disbursements</b>	<b>20,662,284</b>	<b>1,565,286</b>	<b>-</b>	<b>1,762,932</b>	<b>2,100,379</b>	<b>262,699</b>	<b>234,068</b>	<b>2,288,970</b>	<b>28,876,618</b>
Deficiency of receipts under disbursements	(2,297,924)	(394,566)	-	(348,793)	(851,157)	(86,972)	(34,573)	(63,900)	(4,077,885)
<b>Other financing sources (uses):</b>									
Transfers in	41,403	90,427	-	18,828	15,030	1,883	-	19,632	187,203
Transfers out	(1,454)	-	-	(88,978)	-	(5,000)	-	(91,771)	(187,203)
<b>Total other financing sources (uses)</b>	<b>39,949</b>	<b>90,427</b>	<b>-</b>	<b>(70,150)</b>	<b>15,030</b>	<b>(3,117)</b>	<b>-</b>	<b>(72,139)</b>	<b>-</b>
Deficiency of receipts and other financing sources under disbursements and other financing uses	(2,257,975)	(304,139)	-	(418,943)	(836,127)	(90,089)	(34,573)	(136,039)	(4,077,885)
Cash and investments - beginning	6,448,190	416,281	269,493	995,171	1,423,599	440,483	1,092,653	432,356	11,518,226
Cash and investments - ending	\$ 4,190,215	\$ 112,142	\$ 269,493	\$ 576,228	\$ 587,472	\$ 350,394	\$ 1,058,080	\$ 296,317	\$ 7,440,341
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 4,190,215	\$ 112,142	\$ 269,493	\$ -	\$ 587,472	\$ 350,394	\$ 1,058,080	\$ 290,155	\$ 6,857,951
Restricted assets:									
Cash and investments	-	-	-	576,228	-	-	-	6,162	582,390
<b>Total cash and investment assets - ending</b>	<b>\$ 4,190,215</b>	<b>\$ 112,142</b>	<b>\$ 269,493</b>	<b>\$ 576,228</b>	<b>\$ 587,472</b>	<b>\$ 350,394</b>	<b>\$ 1,058,080</b>	<b>\$ 296,317</b>	<b>\$ 7,440,341</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 576,228	\$ -	\$ -	\$ -	\$ 6,162	\$ 582,390
Unrestricted	4,190,215	112,142	269,493	-	587,472	350,394	1,058,080	290,155	6,857,951
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,190,215</b>	<b>\$ 112,142</b>	<b>\$ 269,493</b>	<b>\$ 576,228</b>	<b>\$ 587,472</b>	<b>\$ 350,394</b>	<b>\$ 1,058,080</b>	<b>\$ 296,317</b>	<b>\$ 7,440,341</b>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 5,674,652	\$ 1,191,375	\$ -	\$ 1,612,220	\$ 2,186,313	\$ -	\$ 1,915	\$ 1,398,320	\$ 12,064,795
Intermediate sources	719	-	-	-	-	-	-	713	1,432
State sources	9,505,255	-	-	-	-	-	-	218,746	9,724,001
Federal sources	35	-	-	-	-	-	-	820,779	820,814
Bonds and loans	1,700,000	370,000	-	-	-	-	-	-	2,070,000
Sale of property, adjustments and refunds	13,236	4,295	-	-	1,238	-	-	26,021	44,790
<b>Total receipts</b>	<b>16,893,897</b>	<b>1,565,670</b>	<b>-</b>	<b>1,612,220</b>	<b>2,187,551</b>	<b>-</b>	<b>1,915</b>	<b>2,464,579</b>	<b>24,725,832</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	10,390,703	-	-	-	-	-	-	305,361	10,696,064
Support services	3,934,244	1,281,962	-	-	2,221,956	147,005	947,541	1,450,921	9,983,629
Community services	262,632	-	-	-	-	-	-	112,126	374,758
Nonprogrammed charges	1,729,436	-	-	-	-	-	-	62,582	1,792,018
Debt services	4,000,000	500,000	-	1,842,012	27,082	-	-	389,980	6,759,074
<b>Total disbursements</b>	<b>20,317,015</b>	<b>1,781,962</b>	<b>-</b>	<b>1,842,012</b>	<b>2,249,038</b>	<b>147,005</b>	<b>947,541</b>	<b>2,320,970</b>	<b>29,605,543</b>
Excess (deficiency) of receipts over disbursements	(3,423,118)	(216,292)	-	(229,792)	(61,487)	(147,005)	(945,626)	143,609	(4,879,711)
<b>Other financing sources (uses):</b>									
Transfers in	17,488	-	230,507	-	-	5,000	-	-	252,995
Transfers out	-	-	-	-	(230,507)	(17,488)	-	(5,000)	(252,995)
<b>Total other financing sources (uses)</b>	<b>17,488</b>	<b>-</b>	<b>230,507</b>	<b>-</b>	<b>(230,507)</b>	<b>(12,488)</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,405,630)	(216,292)	230,507	(229,792)	(291,994)	(159,493)	(945,626)	138,609	(4,879,711)
Cash and investments - beginning	4,190,215	112,142	269,493	576,228	587,472	350,394	1,058,080	296,317	7,440,341
Cash and investments - ending	\$ 784,585	\$ (104,150)	\$ 500,000	\$ 346,436	\$ 295,478	\$ 190,901	\$ 112,454	\$ 434,926	\$ 2,560,630
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 784,585	\$ (104,150)	\$ 500,000	\$ -	\$ 295,478	\$ 190,901	\$ 112,454	\$ 387,990	\$ 2,167,258
Restricted assets:									
Cash and investments	-	-	-	346,436	-	-	-	46,936	393,372
<b>Total cash and investment assets - ending</b>	<b>\$ 784,585</b>	<b>\$ (104,150)</b>	<b>\$ 500,000</b>	<b>\$ 346,436</b>	<b>\$ 295,478</b>	<b>\$ 190,901</b>	<b>\$ 112,454</b>	<b>\$ 434,926</b>	<b>\$ 2,560,630</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 346,436	\$ -	\$ -	\$ -	\$ 46,936	\$ 393,372
Unrestricted	784,585	(104,150)	500,000	-	295,478	190,901	112,454	387,990	2,167,258
<b>Total cash and investment fund balance - ending</b>	<b>\$ 784,585</b>	<b>\$ (104,150)</b>	<b>\$ 500,000</b>	<b>\$ 346,436</b>	<b>\$ 295,478</b>	<b>\$ 190,901</b>	<b>\$ 112,454</b>	<b>\$ 434,926</b>	<b>\$ 2,560,630</b>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>
Deductions:	
Benefits	\$ <u>89,488</u>
Deficiency of total additions under total deductions	(89,488)
Cash and investment fund balance - beginning	<u>125,947</u>
Cash and investment fund balance - ending	<u>\$ 36,459</u>
Net assets:	
Cash and investments	<u>\$ 36,459</u>
Total net assets - cash and investment basis held in trust	<u>\$ 36,459</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>
Additions:	
Total additions	\$ <u>          -</u>
Deductions:	
Total deductions	<u>                  -</u>
Excess (deficiency) of total additions over total deductions	-
Cash and investment fund balance - beginning	<u>          36,459</u>
Cash and investment fund balance - ending	<u>\$ <u>          36,459</u></u>
Net assets:	
Cash and investments	<u>\$ <u>          36,459</u></u>
Total net assets - cash and investment basis held in trust	<u>\$ <u>          36,459</u></u>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation (primary government) is the financial reporting entity.

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

Joint Venture

The School Corporation is a participant with Adams Central Community Schools, North Adams Community Schools, South Adams Schools, Bluffton-Harrison M.S.D., and Southern Wells Community Schools in a joint venture to operate Adams-Wells Special Services Cooperative (Co-op) which was created to provide instruction for handicapped children. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from the Co-op's administrative offices at 925 North Main Street, Bluffton, Indiana, 46714.

The School Corporation is a participant with Adams Central Community Schools, North Adams Community Schools, South Adams Schools, Bluffton-Harrison M.S.D., Southern Wells Community Schools, Jay School Corporation and Huntington County Community School Corporation in a joint venture to operate the Vocational Area 18 Cooperative (Co-op) which was created to provide occupational training to students. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from the Co-op's administrative offices at 805 E. Harrison Street, Bluffton, Indiana, 46714.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Corporation does not have any business-type activities.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is to account for transfers of unused and unencumbered funds in accordance with IC 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund type:

The pension trust fund accounts for the activities of the post-retirement/severance future benefit fund, which accumulates resources for pension benefit payments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

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

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

NORTHERN WELLS COMMUNITY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

B. Cash and Investment Balance Deficits

At June 30, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2008
Transportation Operating	\$ 104,150
Food Service	71,838

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	June 30, 2007	June 30, 2008
General Fund	Transportation Operating Fund	\$ 1,454	\$ -
Debt Service Fund	Transportation Operating Fund	79,254	-
	Other Governmental Funds	9,724	-
Capital Projects Fund	Rainy Day Fund	-	230,507
School Bus Replacement Fund	General Fund	-	17,488
	Other Governmental Funds	5,000	-
Other Governmental Funds	General Fund	41,403	-
	Transportation Operating Fund	9,719	-
	Debt Service Fund	18,828	-
	Capital Projects Fund	15,030	-
	School Bus Replacement Fund	1,883	5,000
	Other Governmental Funds	4,908	-
Totals		<u>\$ 187,203</u>	<u>\$ 252,995</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

During 1980, the School Corporation joined with other governmental entities to form the School Employee's Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for fourteen member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with Northern Wells Community 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 ending June 30, 2008, totaled \$1,593,000.

C. Termination Benefits

The School Corporation offered early retirement severance packages to teachers and administrators that met specific requirements. The benefits started in January, 2005 and will end January, 2010. During the year ended June 30, 2008, disbursements of \$53,460 were paid to eight former employees.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 198,037
Interest on net pension obligation	(9,888)
Adjustment to annual required contribution	11,268
Annual pension cost	199,417
Contributions made	169,863
Increase in net pension obligation	29,554
Net pension obligation, beginning of year	(136,385)
Net pension obligation, end of year	\$ (106,831)

	PERF
Contribution rates:	
School Corporation	6.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

NORTHERN WELLS COMMUNITY SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 162,695	93%	\$ (153,719)
	06-30-06	168,194	90%	(136,385)
	06-30-07	199,417	85%	(106,831)

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

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.

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$333,960, \$291,304, and \$248,592, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

NORTHERN WELLS COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 2,868,646	\$ 3,248,616	\$ (379,970)	88%	\$ 2,534,214	(15%)
07-01-06	2,748,634	3,234,889	(486,255)	85%	2,568,489	(19%)
07-01-07	3,140,591	3,875,901	(735,310)	81%	2,811,225	(26%)

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	Food Service	Textbook Rental	Levy Excess	Area 18 Vocational	Child Care Programs	License Plate
<b>Receipts:</b>							
Local sources	\$ 9,139	\$ 561,164	\$ 319,781	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	994
State sources	61,222	19,119	19,303	-	-	128,331	-
Federal sources	-	253,480	-	-	24,099	-	-
Sale of property, adjustments and refunds	-	-	244	-	-	-	-
<b>Total receipts</b>	<b>70,361</b>	<b>833,763</b>	<b>339,328</b>	<b>-</b>	<b>24,099</b>	<b>128,331</b>	<b>994</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	627	-	-	-	24,099	13,414	-
Support services	4,454	878,884	295,964	-	-	-	2,400
Community services	-	-	-	-	-	109,158	-
Nonprogrammed charges	71,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>76,581</b>	<b>878,884</b>	<b>295,964</b>	<b>-</b>	<b>24,099</b>	<b>122,572</b>	<b>2,400</b>
Excess (deficiency) of receipts over disbursements	(6,220)	(45,121)	43,364	-	-	5,759	(1,406)
<b>Other financing sources (uses):</b>							
Transfers in	130	-	9,724	-	-	-	-
Transfers out	-	(39)	-	(91,732)	-	-	-
<b>Total other financing sources (uses)</b>	<b>130</b>	<b>(39)</b>	<b>9,724</b>	<b>(91,732)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,090)	(45,160)	53,088	(91,732)	-	5,759	(1,406)
Cash and investments - beginning	12,012	54,020	32,765	91,732	-	49,481	2,364
Cash and investments - ending	\$ 5,922	\$ 8,860	\$ 85,853	\$ -	\$ -	\$ 55,240	\$ 958
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 5,922	\$ 8,860	\$ 85,853	\$ -	\$ -	\$ 55,240	\$ 958
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 5,922</b>	<b>\$ 8,860</b>	<b>\$ 85,853</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,240</b>	<b>\$ 958</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,922	8,860	85,853	-	-	55,240	958
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,922</b>	<b>\$ 8,860</b>	<b>\$ 85,853</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,240</b>	<b>\$ 958</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Alternative Education	School Safe Haven	Early Intervention	Teacher of the Year 03/04	Wells County Alternative Grant 2002	Teacher of the Year 04/05	Teacher of the Year 05/06
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	8,277	3,337	49,000	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>8,277</b>	<b>3,337</b>	<b>49,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	8,277	5,302	9,599	-	-	-	-
Support services	-	-	3,413	252	34	284	500
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,277</b>	<b>5,302</b>	<b>13,012</b>	<b>252</b>	<b>34</b>	<b>284</b>	<b>500</b>
Excess (deficiency) of receipts over disbursements	-	(1,965)	35,988	(252)	(34)	(284)	(500)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,965)	35,988	(252)	(34)	(284)	(500)
Cash and investments - beginning	-	-	44,777	252	34	500	500
Cash and investments - ending	\$ -	\$ (1,965)	\$ 80,765	\$ -	\$ -	\$ 216	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ (1,965)	\$ 80,765	\$ -	\$ -	\$ 216	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (1,965)</b>	<b>\$ 80,765</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(1,965)	80,765	-	-	216	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (1,965)</b>	<b>\$ 80,765</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216</b>	<b>\$ -</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Extracurricular Salaries	Transportation Extracurricular Activities	Aquatics	Curriculum Alignment Process	Alternative School Technology	Recycling	PLTW Planning Grant
<b>Receipts:</b>							
Local sources	\$ 17,641	\$ 25,279	\$ 10,699	\$ -	\$ 8,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>17,641</u>	<u>25,279</u>	<u>10,699</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,797	3,700	834	-	-	-	210
Support services	18,188	27,895	9,214	33	4,298	-	4,544
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>20,985</u>	<u>31,595</u>	<u>10,048</u>	<u>33</u>	<u>4,298</u>	<u>-</u>	<u>4,754</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(3,344)</u>	<u>(6,316)</u>	<u>651</u>	<u>(33)</u>	<u>3,702</u>	<u>-</u>	<u>(4,754)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(3,344)</u>	<u>(6,316)</u>	<u>651</u>	<u>(33)</u>	<u>3,702</u>	<u>-</u>	<u>(4,754)</u>
<b>Cash and investments - beginning</b>	<u>6,692</u>	<u>937</u>	<u>3,449</u>	<u>33</u>	<u>-</u>	<u>4</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 3,348</u>	<u>\$ (5,379)</u>	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 4</u>	<u>\$ (4,754)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 3,348	\$ (5,379)	\$ 4,100	\$ -	\$ 3,702	\$ 4	\$ (4,754)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 3,348</u>	<u>\$ (5,379)</u>	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 4</u>	<u>\$ (4,754)</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,348	(5,379)	4,100	-	3,702	4	(4,754)
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,348</u>	<u>\$ (5,379)</u>	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 4</u>	<u>\$ (4,754)</u>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Ruby Payne Foundation Grant	PLTW Implementation Grant	English Language Enrichment	Title 1 School Improvement	Title 1 05/06	Title 1 06/07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	235	-	-	-
Federal sources	-	-	-	11,174	27,000	285,341
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>235</b>	<b>11,174</b>	<b>27,000</b>	<b>285,341</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	7,898	27,538	204,813
Support services	1,065	2,100	532	1,383	-	32,829
Community services	-	-	-	-	5,285	10,554
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,065</b>	<b>2,100</b>	<b>532</b>	<b>9,281</b>	<b>32,823</b>	<b>248,196</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,065)</b>	<b>(2,100)</b>	<b>(297)</b>	<b>1,893</b>	<b>(5,823)</b>	<b>37,145</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,065)</b>	<b>(2,100)</b>	<b>(297)</b>	<b>1,893</b>	<b>(5,823)</b>	<b>37,145</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>297</b>	<b>-</b>	<b>5,823</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ (1,065)</b>	<b>\$ (2,100)</b>	<b>\$ -</b>	<b>\$ 1,893</b>	<b>\$ -</b>	<b>\$ 37,145</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (1,065)	\$ (2,100)	\$ -	\$ 1,893	\$ -	\$ 37,145
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ (1,065)</b>	<b>\$ (2,100)</b>	<b>\$ -</b>	<b>\$ 1,893</b>	<b>\$ -</b>	<b>\$ 37,145</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(1,065)	(2,100)	-	1,893	-	37,145
<b>Total cash and investment fund balance - ending</b>	<b>\$ (1,065)</b>	<b>\$ (2,100)</b>	<b>\$ -</b>	<b>\$ 1,893</b>	<b>\$ -</b>	<b>\$ 37,145</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title V 04/05	Title V 05/06	Title V 06/07	Drug Free Schools 05/06	Drug Free Schools 06/07	Educating America Title III
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	3,964	-	8,665	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,964</b>	<b>-</b>	<b>8,665</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	134	-	80	-	-	-
Support services	943	7,344	3,355	354	212	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	93	-	204	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,077</b>	<b>7,344</b>	<b>3,528</b>	<b>354</b>	<b>416</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,077)</b>	<b>(7,344)</b>	<b>436</b>	<b>(354)</b>	<b>8,249</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,077)</b>	<b>(7,344)</b>	<b>436</b>	<b>(354)</b>	<b>8,249</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>1,077</b>	<b>7,520</b>	<b>-</b>	<b>354</b>	<b>-</b>	<b>2,111</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ 436</b>	<b>\$ -</b>	<b>\$ 8,249</b>	<b>\$ 2,111</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 176	\$ 436	\$ -	\$ 8,249	\$ 2,111
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ 436</b>	<b>\$ -</b>	<b>\$ 8,249</b>	<b>\$ 2,111</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	176	436	-	8,249	2,111
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 176</b>	<b>\$ 436</b>	<b>\$ -</b>	<b>\$ 8,249</b>	<b>\$ 2,111</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Emergency Impact Aid	Other Federal Programs	Title II Improving Teacher Quality 05/06	Title II Enhancing Education 05/06	Retirement Severance Debt	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 249,993	\$ 1,201,696
Intermediate sources	-	-	-	-	-	994
State sources	-	-	-	-	-	288,824
Federal sources	1,000	580	117,196	-	-	732,499
Sale of property, adjustments and refunds	-	-	-	813	-	1,057
<b>Total receipts</b>	<b>1,000</b>	<b>580</b>	<b>117,196</b>	<b>813</b>	<b>249,993</b>	<b>2,225,070</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	45,249	-	-	354,571
Support services	531	-	47,336	-	-	1,348,341
Community services	-	-	-	-	-	124,997
Nonprogrammed charges	-	-	1,850	-	-	73,647
Debt services	-	-	-	-	387,414	387,414
<b>Total disbursements</b>	<b>531</b>	<b>-</b>	<b>94,435</b>	<b>-</b>	<b>387,414</b>	<b>2,288,970</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>469</b>	<b>580</b>	<b>22,761</b>	<b>813</b>	<b>(137,421)</b>	<b>(63,900)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	9,778	19,632
Transfers out	-	-	-	-	-	(91,771)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,778</b>	<b>(72,139)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>469</b>	<b>580</b>	<b>22,761</b>	<b>813</b>	<b>(127,643)</b>	<b>(136,039)</b>
<b>Cash and investments - beginning</b>	<b>2,000</b>	<b>-</b>	<b>(19,452)</b>	<b>(731)</b>	<b>133,805</b>	<b>432,356</b>
<b>Cash and investments - ending</b>	<b>\$ 2,469</b>	<b>\$ 580</b>	<b>\$ 3,309</b>	<b>\$ 82</b>	<b>\$ 6,162</b>	<b>\$ 296,317</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,469	\$ 580	\$ 3,309	\$ 82	\$ -	\$ 290,155
Restricted assets:						
Cash and investments	-	-	-	-	6,162	6,162
<b>Total cash and investment assets - ending</b>	<b>\$ 2,469</b>	<b>\$ 580</b>	<b>\$ 3,309</b>	<b>\$ 82</b>	<b>\$ 6,162</b>	<b>\$ 296,317</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 6,162	\$ 6,162
Unrestricted	2,469	580	3,309	82	-	290,155
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,469</b>	<b>\$ 580</b>	<b>\$ 3,309</b>	<b>\$ 82</b>	<b>\$ 6,162</b>	<b>\$ 296,317</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	Food Service	Textbook Rental	Area 18 Vocational	Child Care Programs	License Plate	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 14,173	\$ 569,451	\$ 317,141	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	713	-
State sources	52,259	17,883	35,189	-	95,417	-	11,489
Federal sources	-	276,552	-	21,863	-	-	-
Sale of property, adjustments and refunds	-	-	45	-	-	-	-
<b>Total receipts</b>	<b>66,432</b>	<b>863,886</b>	<b>352,375</b>	<b>21,863</b>	<b>95,417</b>	<b>713</b>	<b>11,489</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	824	-	-	22,052	5,335	-	-
Support services	11,042	944,584	241,676	-	-	1,444	-
Community services	-	-	-	-	96,083	-	-
Nonprogrammed charges	60,501	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>72,367</b>	<b>944,584</b>	<b>241,676</b>	<b>22,052</b>	<b>101,418</b>	<b>1,444</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(5,935)	(80,698)	110,699	(189)	(6,001)	(731)	11,489
<b>Other financing uses:</b>							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,935)	(80,698)	110,699	(189)	(6,001)	(731)	11,489
Cash and investments - beginning	5,922	8,860	85,853	-	55,240	958	-
Cash and investments - ending	\$ (13)	\$ (71,838)	\$ 196,552	\$ (189)	\$ 49,239	\$ 227	\$ 11,489
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (13)	\$ (71,838)	\$ 196,552	\$ (189)	\$ 49,239	\$ 227	\$ 11,489
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ (13)</b>	<b>\$ (71,838)</b>	<b>\$ 196,552</b>	<b>\$ (189)</b>	<b>\$ 49,239</b>	<b>\$ 227</b>	<b>\$ 11,489</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(13)	(71,838)	196,552	(189)	49,239	227	11,489
<b>Total cash and investment fund balance - ending</b>	<b>\$ (13)</b>	<b>\$ (71,838)</b>	<b>\$ 196,552</b>	<b>\$ (189)</b>	<b>\$ 49,239</b>	<b>\$ 227</b>	<b>\$ 11,489</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2008  
 (Continued)

	School Safe Haven	Early Intervention	Ecolab Foundation	Teacher of the Year 04/05	Teacher of the Year 06/07	Teacher of the Year 07/08	Extracurricular Salaries
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 5,559	\$ -	\$ 500	\$ 500	\$ 13,860
Intermediate sources	-	-	-	-	-	-	-
State sources	1,914	2,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,914</b>	<b>2,000</b>	<b>5,559</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>13,860</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	1,109	-	-	-	-	-	794
Support services	-	-	-	216	-	-	11,404
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,109</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>12,198</b>
Excess (deficiency) of receipts over disbursements	805	2,000	5,559	(216)	500	500	1,662
<b>Other financing uses:</b>							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	805	2,000	5,559	(216)	500	500	1,662
Cash and investments - beginning	(1,965)	80,765	-	216	-	-	3,348
Cash and investments - ending	<u>\$ (1,160)</u>	<u>\$ 82,765</u>	<u>\$ 5,559</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 5,010</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (1,160)	\$ 82,765	\$ 5,559	\$ -	\$ 500	\$ 500	\$ 5,010
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (1,160)</u></b>	<b><u>\$ 82,765</u></b>	<b><u>\$ 5,559</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 500</u></b>	<b><u>\$ 500</u></b>	<b><u>\$ 5,010</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(1,160)	82,765	5,559	-	500	500	5,010
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (1,160)</u></b>	<b><u>\$ 82,765</u></b>	<b><u>\$ 5,559</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 500</u></b>	<b><u>\$ 500</u></b>	<b><u>\$ 5,010</u></b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2008  
 (Continued)

	Transportation Extracurricular Activities	Aquatics	Alternative School Technology	Recycling	PLTW Planning Grant	PLTW Grant Area 18	Ruby Payne Foundation Grant
Receipts:							
Local sources	\$ 31,486	\$ 9,896	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	10,376	15,000	-
<b>Total receipts</b>	<u>31,486</u>	<u>9,896</u>	<u>-</u>	<u>-</u>	<u>10,376</u>	<u>15,000</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	1,756	323	-	-	-	-	-
Support services	31,057	10,413	855	-	5,622	15,000	12,273
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>32,813</u>	<u>10,736</u>	<u>855</u>	<u>-</u>	<u>5,622</u>	<u>15,000</u>	<u>12,273</u>
Excess (deficiency) of receipts over disbursements	<u>(1,327)</u>	<u>(840)</u>	<u>(855)</u>	<u>-</u>	<u>4,754</u>	<u>-</u>	<u>(12,273)</u>
Other financing uses:							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,327)</u>	<u>(840)</u>	<u>(855)</u>	<u>-</u>	<u>4,754</u>	<u>-</u>	<u>(12,273)</u>
Cash and investments - beginning	<u>(5,379)</u>	<u>4,100</u>	<u>3,702</u>	<u>4</u>	<u>(4,754)</u>	<u>-</u>	<u>(1,065)</u>
Cash and investments - ending	<u>\$ (6,706)</u>	<u>\$ 3,260</u>	<u>\$ 2,847</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,338)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (6,706)	\$ 3,260	\$ 2,847	\$ 4	\$ -	\$ -	\$ (13,338)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (6,706)</u>	<u>\$ 3,260</u>	<u>\$ 2,847</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,338)</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(6,706)	3,260	2,847	4	-	-	(13,338)
<b>Total cash and investment fund balance - ending</b>	<u>\$ (6,706)</u>	<u>\$ 3,260</u>	<u>\$ 2,847</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,338)</u>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2008  
 (Continued)

	PLTW Implementation Grant	English Language Enrichment	Title 1 School Improvement	Title 1 SIP Program	Title 1 06/07	Title 1 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	2,595	-	-	-	-
Federal sources	-	-	-	36,600	20,063	371,488
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>2,595</b>	<b>-</b>	<b>36,600</b>	<b>20,063</b>	<b>371,488</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	31,040	43,793	198,325
Support services	16,972	2,896	1,893	7,573	9,885	44,848
Community services	-	-	-	6,262	3,530	6,251
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,972</b>	<b>2,896</b>	<b>1,893</b>	<b>44,875</b>	<b>57,208</b>	<b>249,424</b>
Excess (deficiency) of receipts over disbursements	(16,972)	(301)	(1,893)	(8,275)	(37,145)	122,064
<b>Other financing uses:</b>						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,972)	(301)	(1,893)	(8,275)	(37,145)	122,064
Cash and investments - beginning	(2,100)	-	1,893	-	37,145	-
Cash and investments - ending	<u>\$ (19,072)</u>	<u>\$ (301)</u>	<u>\$ -</u>	<u>\$ (8,275)</u>	<u>\$ -</u>	<u>\$ 122,064</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (19,072)	\$ (301)	\$ -	\$ (8,275)	\$ -	\$ 122,064
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (19,072)</u>	<u>\$ (301)</u>	<u>\$ -</u>	<u>\$ (8,275)</u>	<u>\$ -</u>	<u>\$ 122,064</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(19,072)	(301)	-	(8,275)	-	122,064
<b>Total cash and investment fund balance - ending</b>	<u>\$ (19,072)</u>	<u>\$ (301)</u>	<u>\$ -</u>	<u>\$ (8,275)</u>	<u>\$ -</u>	<u>\$ 122,064</u>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2008  
 (Continued)

	Title V 05/06	Title V 06/07	Title V 07/08	Drug Free Schools 06/07	Drug Free Schools 07/08	Educating America Title III
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	3,821	-	8,528	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,821</b>	<b>-</b>	<b>8,528</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	10	-	-	-	-
Support services	176	426	1,630	8,249	5,674	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	84	-	188	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>176</b>	<b>436</b>	<b>1,714</b>	<b>8,249</b>	<b>5,862</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(176)	(436)	2,107	(8,249)	2,666	-
<b>Other financing uses:</b>						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(176)	(436)	2,107	(8,249)	2,666	-
Cash and investments - beginning	176	436	-	8,249	-	2,111
Cash and investments - ending	\$ -	\$ -	\$ 2,107	\$ -	\$ 2,666	\$ 2,111
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 2,107	\$ -	\$ 2,666	\$ 2,111
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,107</b>	<b>\$ -</b>	<b>\$ 2,666</b>	<b>\$ 2,111</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	2,107	-	2,666	2,111
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,107</b>	<b>\$ -</b>	<b>\$ 2,666</b>	<b>\$ 2,111</b>

NORTHERN WELLS COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year ended June 30, 2008  
 (Continued)

	Emergency Impact Aid	Other Federal Programs	Title II Improving Teacher Quality 05/06	Title II Enhancing Education 05/06	Retirement Severance Debt	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 435,754	\$ 1,398,320
Intermediate sources	-	-	-	-	-	713
State sources	-	-	-	-	-	218,746
Federal sources	-	-	81,864	-	-	820,779
Sale of property, adjustments and refunds	-	-	600	-	-	26,021
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>82,464</b>	<b>-</b>	<b>435,754</b>	<b>2,464,579</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	305,361
Support services	-	-	65,031	82	-	1,450,921
Community services	-	-	-	-	-	112,126
Nonprogrammed charges	-	-	1,809	-	-	62,582
Debt services	-	-	-	-	389,980	389,980
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>66,840</b>	<b>82</b>	<b>389,980</b>	<b>2,320,970</b>
Excess (deficiency) of receipts over disbursements	-	-	15,624	(82)	45,774	143,609
<b>Other financing uses:</b>						
Transfers out	-	-	-	-	(5,000)	(5,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	15,624	(82)	40,774	138,609
Cash and investments - beginning	2,469	580	3,309	82	6,162	296,317
Cash and investments - ending	<u>\$ 2,469</u>	<u>\$ 580</u>	<u>\$ 18,933</u>	<u>\$ -</u>	<u>\$ 46,936</u>	<u>\$ 434,926</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,469	\$ 580	\$ 18,933	\$ -	\$ -	\$ 387,990
Restricted assets:						
Cash and investments	-	-	-	-	46,936	46,936
Total cash and investment assets - ending	<u>\$ 2,469</u>	<u>\$ 580</u>	<u>\$ 18,933</u>	<u>\$ -</u>	<u>\$ 46,936</u>	<u>\$ 434,926</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 46,936	\$ 46,936
Unrestricted	2,469	580	18,933	-	-	387,990
Total cash and investment fund balance - ending	<u>\$ 2,469</u>	<u>\$ 580</u>	<u>\$ 18,933</u>	<u>\$ -</u>	<u>\$ 46,936</u>	<u>\$ 434,926</u>

NORTHERN WELLS COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School Corporation has entered into the following long-term debt obligations:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
High School/Middle School/Lancaster Elementary	\$ 19,575,000	\$ 1,712,000
Notes and loans payable	112,500	79,688
Bonds payable:		
General obligation bonds:	<u>3,320,000</u>	<u>194,325</u>
Total governmental activities debt	<u>\$ 23,007,500</u>	<u>\$ 1,986,013</u>

NORTHERN WELLS COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Transportation Operating Fund and Food Service Fund were overdrawn at June 30, 2008.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

The School Corporation did not maintain sufficient detailed records of capital assets. No record of capital asset additions, deletions or balances were being maintained during the audit period.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The School Corporation did not accurately complete the School Biannual Report (Form 9) for the period January 1, 2008 to June 30, 2008, required by the Indiana Department of Education. Disbursements occurring during July 2008 for nine funds were included in the report for the six months ending June 30, 2008, which resulted in overstated disbursements and understated fund balances.

The Alternative School Fund (71), used to account for textbook rental fees, was omitted from the School Biannual Report (Form 9) for the period July 1, 2006 to June 30, 2007.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE NORTHERN WELLS  
COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

Compliance

We have audited the compliance of the Northern Wells Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended June 30, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1 and 2008-2.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of

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

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

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

STATE BOARD OF ACCOUNTS

February 23, 2009

NORTHERN WELLS COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 20,167	\$ 23,480
National School Lunch Program	10.555		<u>298,644</u>	<u>310,402</u>
Total for federal grantor agency			<u>318,811</u>	<u>333,882</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
Title I School Improvement 06-07			9,280	1,894
		06-8435	32,823	-
		07-8435	248,195	57,208
Title I School Improvement 07-08			-	44,875
		08-8435	<u>-</u>	<u>249,423</u>
Total for program			<u>290,298</u>	<u>353,400</u>
Pass-Through Bluffton-Harrison Metropolitan School District				
Vocational Education - Basic Grants to States	84.048		<u>24,099</u>	<u>22,052</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		05-178	354	-
		06-8435	416	8,249
		07-8435	<u>-</u>	<u>5,862</u>
Total for program			<u>770</u>	<u>14,111</u>
State Grants for Innovative Programs	84.298			
		04-092	1,077	-
		05-051	7,344	176
		06-8435	3,528	436
		SY-07-08	<u>-</u>	<u>1,714</u>
Total for program			<u>11,949</u>	<u>2,326</u>
Education Technology State Grants	84.318		<u>-</u>	<u>82</u>
Improving Teacher Quality State Grants	84.367		<u>94,435</u>	<u>66,841</u>
Total for federal grantor agency			<u>421,551</u>	<u>458,812</u>
Total federal awards expended			<u>\$ 740,362</u>	<u>\$ 792,694</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northern Wells Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2007	For the Year Ended June 30, 2008
Child nutrition cluster:			
Food commodities:			
School breakfast program	10.553	\$ 3,545	\$ 3,801
National school lunch program	10.555	53,439	51,596
Total for cluster		\$ 56,984	\$ 55,397

NORTHERN WELLS COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

NORTHERN WELLS COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING NUMBER 2008-1, CASH MANAGEMENT

Federal Agency: United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-through Entity: Indiana Department of Education

The School Corporation did not modify the budgeted monthly grant request to minimize the time elapsing between the receipt of federal funds and pay out of funds for program purposes.

Title I teachers were coded wrong in the payroll system resulting in their salaries and benefits being charged to the General Fund instead of the Title I Fund. The situation caused a surplus cash balance in the Title I Fund, which error was not discovered until after the period of availability of funds expired.

As a result, grant receipts exceeded program disbursements creating a cash balance of \$122,064 at June 30, 2008. The total grant for the period July 1, 2007 to June 30, 2008, was \$385,810.

EDGAR 80.20(b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash draw downs by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to the grantees."

We recommended that the School Corporation monitor the cash draw downs to minimize the amount of cash on hand at the end of each month.

FINDING NUMBER 2008-2, REPORTING

Federal Agency: United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-through Entity: Indiana Department of Education

The School Corporation did not verify the amounts reported on the Quarterly Monitoring Reports to their Financial Statements for the period July 1, 2007 to June 30, 2008.

Due to new personnel and the reassigning of duties and responsibilities, the Quarterly Monitoring Reports were not verified.

As a result, the amounts reported each quarter as Receipts, Disbursements, and Ending Cash Balances were different from the amounts reported on the unit's Financial Statements.

NORTHERN WELLS COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Education Department General Administrative Regulations EDGAR 80.20 (b)(1) states in part: "The financial management systems of other grantees and subgrantees must meet the following standards: (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that the School Corporation compare Quarterly Monitoring Reports to their Financial Statements and resolve all variances.

NORTHERN WELLS COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# Northern Wells Community Schools

312 North Jefferson Street, P.O. Box 386  
Ossian, IN 46777

Telephone (260) 622-4125  
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*Dr. Scott Mills, Superintendent*



## MISSION

- ♦ provide quality educational programs
- ♦ provide a safe, learning-rich, and supportive environment
- ♦ expect students to become:
  - responsible
  - self-disciplined
  - life-long learners
  - successful
  - contributing members of an ever-changing society

All schools in Northern Wells are accredited by North Central Association and the Indiana Department of Education.

February 12, 2009

## Corrective Action Plan for Northern Wells Community Schools

State Board of Accounts  
302 Washington St. Room E418  
Indianapolis, IN 46204-2765

In connection with your audit of the financial statements of Northern Wells Community Schools as of June 30, 2008, and for the year then ended:

Finding Number 2008-1, Cash Management  
Finding Number 2008-1, Reporting

### Corrective Action Planned:

School officials will monitor cash balances closer to minimize the amount of unexpended cash on hand.

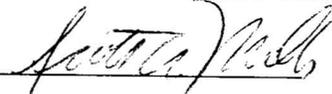
School officials will compare Title I Quarterly Monitoring Reports to the financial statements of the school corporation to ensure accuracy.

Other Issues- Mistake on reporting the Form 9, No records of Fixed Assets

### Corrective Action Planned:

School officials will cause a list of fixed assets to be created.

The Form 9 will be matched with records and verified before submitting.

Signed: 

Signed: 

Title: Superintendent

Title: Business Manager/Treasurer

Date: February 12, 2009

Date: February 12, 2009

NORTHERN WELLS COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2009, with Brandon H. Penrod, Treasurer; and Dr. Scott A. Mills, Superintendent of Schools.