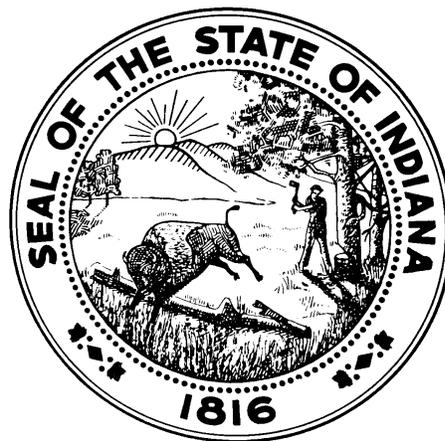


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

SOUTHWESTERN CONSOLIDATED SCHOOL  
DISTRICT OF SHELBY COUNTY  
SHELBY COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

04/03/2009



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Salli S. Rooks	07-01-06 to 06-30-09
Superintendent of Schools	Ted Thompson Dr. Terry R. Sargent	07-01-06 to 08-10-06 08-11-06 to 06-30-09
President of the School Board	Michael Burbrink Edward L. Thomas	07-01-06 to 06-30-08 07-01-08 to 06-30-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTHWESTERN CONSOLIDATED SCHOOL  
DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of the Southwestern Consolidated School District of Shelby County (School Corporation), for the period of July 1, 2006 to June 30, 2008. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, Schedules of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The Schedules of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them. The Combining Schedules have been subjected to the examination procedures applied to the basic financial information and, in our opinion, are fairly stated in all material respects in relation to the basic information taken as a whole.

STATE BOARD OF ACCOUNTS

February 26, 2009

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 2,768,015	\$ -	\$ 33,899	\$ (2,734,116)	
Support services	2,589,913	260,353	104,247	(2,225,313)	
Community services	48,892	-	-	(48,892)	
Nonprogrammed charges	429,514	-	-	(429,514)	
Debt service	658,066	-	-	(658,066)	
Total governmental activities	\$ 6,494,400	\$ 260,353	\$ 138,146	(6,095,901)	
General receipts:					
Property taxes				1,868,110	
Other local sources				406,650	
State aid				2,535,237	
Grants and contributions not restricted to specific programs				227,176	
Sale of property, adjustments, and refunds				25,867	
Investment earnings				63,172	
Total general receipts				5,126,212	
Change in net assets				(969,689)	
Net assets - beginning				1,553,040	
Net assets - ending				\$ 583,351	
<u>Assets</u>					
Cash and investments				\$ 574,519	
Restricted assets:					
Cash and investments				8,832	
Total assets				\$ 583,351	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 8,832	
Unrestricted				574,519	
Total net assets				\$ 583,351	

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,591,542	\$ -	\$ 55,304	\$ (2,536,238)
Support services	2,729,065	260,090	101,364	(2,367,611)
Community services	49,966	-	-	(49,966)
Nonprogrammed charges	331,579	-	-	(331,579)
Debt service	1,246,490	-	-	(1,246,490)
Total governmental activities	\$ 6,948,642	\$ 260,090	\$ 156,668	(6,531,884)
General receipts:				
Property taxes				2,161,658
Other local sources				502,539
State aid				2,424,777
Bonds and loans				1,670,008
Grants and contributions not restricted to specific programs				138,010
Sale of property, adjustments, and refunds				8,379
Investment earnings				27,766
Total general receipts				6,933,137
Change in net assets				401,253
Net assets - beginning				583,351
Net assets - ending				\$ 984,604
<u>Assets</u>				
Cash and investments				\$ 984,072
Restricted assets:				
Cash and investments				532
Total assets				\$ 984,604
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 532
Unrestricted				984,072
Total net assets				\$ 984,604

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,120,138	\$ 283,872	\$ 468,169	\$ 356,275	\$ -	\$ 385,219	\$ 2,613,673
Intermediate sources	146	-	-	-	-	469	615
State sources	2,557,816	-	-	-	-	48,421	2,606,237
Federal sources	-	-	-	-	-	278,319	278,319
Sale of property, adjustments and refunds	24,284	269	-	-	-	1,314	25,867
<b>Total receipts</b>	<b>3,702,384</b>	<b>284,141</b>	<b>468,169</b>	<b>356,275</b>	<b>-</b>	<b>713,742</b>	<b>5,524,711</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,615,482	-	-	-	-	152,533	2,768,015
Support services	1,032,129	469,733	-	572,826	-	515,225	2,589,913
Community services	47,050	-	-	-	-	1,842	48,892
Nonprogrammed charges	429,514	-	-	-	-	-	429,514
Debt services	-	-	605,127	-	-	52,939	658,066
<b>Total disbursements</b>	<b>4,124,175</b>	<b>469,733</b>	<b>605,127</b>	<b>572,826</b>	<b>-</b>	<b>722,539</b>	<b>6,494,400</b>
Deficiency of receipts over disbursements	(421,791)	(185,592)	(136,958)	(216,551)	-	(8,797)	(969,689)
<b>Other financing sources (uses):</b>							
Transfers in	307,000	258,000	-	100,000	-	9,254	674,254
Transfers out	-	(100,000)	(98,000)	(360,000)	(73,000)	(43,254)	(674,254)
<b>Total other financing sources (uses)</b>	<b>307,000</b>	<b>158,000</b>	<b>(98,000)</b>	<b>(260,000)</b>	<b>(73,000)</b>	<b>(34,000)</b>	<b>-</b>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(114,791)	(27,592)	(234,958)	(476,551)	(73,000)	(42,797)	(969,689)
Cash and investments - beginning	415,939	103,040	243,615	569,114	73,540	147,792	1,553,040
Cash and investments - ending	<u>\$ 301,148</u>	<u>\$ 75,448</u>	<u>\$ 8,657</u>	<u>\$ 92,563</u>	<u>\$ 540</u>	<u>\$ 104,995</u>	<u>\$ 583,351</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 301,148	\$ 75,448	\$ -	\$ 92,563	\$ 540	\$ 104,820	\$ 574,519
Restricted assets:							
Cash and investments	-	-	8,657	-	-	175	8,832
<b>Total cash and investment assets - ending</b>	<b><u>\$ 301,148</u></b>	<b><u>\$ 75,448</u></b>	<b><u>\$ 8,657</u></b>	<b><u>\$ 92,563</u></b>	<b><u>\$ 540</u></b>	<b><u>\$ 104,995</u></b>	<b><u>\$ 583,351</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 8,657	\$ -	\$ -	\$ 175	\$ 8,832
Unrestricted	301,148	75,448	-	92,563	540	104,820	574,519
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 301,148</u></b>	<b><u>\$ 75,448</u></b>	<b><u>\$ 8,657</u></b>	<b><u>\$ 92,563</u></b>	<b><u>\$ 540</u></b>	<b><u>\$ 104,995</u></b>	<b><u>\$ 583,351</u></b>

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,304,964	\$ 362,307	\$ 387,120	\$ 520,273	\$ 12,575	\$ 364,640	\$ 2,951,879
Intermediate sources	98	-	-	-	-	75	173
State sources	2,451,599	-	-	-	-	60,374	2,511,973
Federal sources	-	-	-	-	-	207,484	207,484
Bonds and loans	1,670,008	-	-	-	-	-	1,670,008
Sale of property, adjustments and refunds	6,403	245	-	-	-	1,730	8,378
<b>Total receipts</b>	<u>5,433,072</u>	<u>362,552</u>	<u>387,120</u>	<u>520,273</u>	<u>12,575</u>	<u>634,303</u>	<u>7,349,895</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,434,857	-	-	-	-	156,684	2,591,541
Support services	1,217,225	476,764	-	520,953	65,382	448,741	2,729,065
Community services	47,820	-	-	-	-	2,146	49,966
Nonprogrammed charges	331,579	-	-	-	-	-	331,579
Debt services	552,885	-	636,658	-	-	56,947	1,246,490
<b>Total disbursements</b>	<u>4,584,366</u>	<u>476,764</u>	<u>636,658</u>	<u>520,953</u>	<u>65,382</u>	<u>664,518</u>	<u>6,948,641</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>848,706</u>	<u>(114,212)</u>	<u>(249,538)</u>	<u>(680)</u>	<u>(52,807)</u>	<u>(30,215)</u>	<u>401,254</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	200,000	241,412	252,000	73,000	52,787	819,199
Transfers out	(307,000)	(150,000)	-	(334,000)	(20,732)	(7,467)	(819,199)
<b>Total other financing sources (uses)</b>	<u>(307,000)</u>	<u>50,000</u>	<u>241,412</u>	<u>(82,000)</u>	<u>52,268</u>	<u>45,320</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>541,706</u>	<u>(64,212)</u>	<u>(8,126)</u>	<u>(82,680)</u>	<u>(539)</u>	<u>15,105</u>	<u>401,254</u>
<b>Cash and investments - beginning</b>	<u>301,147</u>	<u>75,448</u>	<u>8,657</u>	<u>92,563</u>	<u>540</u>	<u>104,995</u>	<u>583,350</u>
<b>Cash and investments - ending</b>	<u>\$ 842,853</u>	<u>\$ 11,236</u>	<u>\$ 531</u>	<u>\$ 9,883</u>	<u>\$ 1</u>	<u>\$ 120,100</u>	<u>\$ 984,604</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 842,853	\$ 11,236	\$ -	\$ 9,883	\$ 1	\$ 120,099	\$ 984,072
Restricted assets:							
Cash and investments	-	-	531	-	-	1	532
<b>Total cash and investment assets - ending</b>	<u>\$ 842,853</u>	<u>\$ 11,236</u>	<u>\$ 531</u>	<u>\$ 9,883</u>	<u>\$ 1</u>	<u>\$ 120,100</u>	<u>\$ 984,604</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 531	\$ -	\$ -	\$ 1	\$ 532
Unrestricted	842,853	11,236	-	9,883	1	120,099	984,072
<b>Total cash and investment fund balance - ending</b>	<u>\$ 842,853</u>	<u>\$ 11,236</u>	<u>\$ 531</u>	<u>\$ 9,883</u>	<u>\$ 1</u>	<u>\$ 120,100</u>	<u>\$ 984,604</u>

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
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>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 10,848
Investment earnings:		
Interest	-	2,132
Total additions	<u>-</u>	<u>12,980</u>
Deductions:		
Benefits	65,625	-
Administrative and general	-	11,916
Total deductions	<u>65,625</u>	<u>11,916</u>
Excess (deficiency) of total additions over total deductions	(65,625)	1,064
Cash and investment fund balance - beginning	<u>381,696</u>	<u>70,922</u>
Cash and investment fund balance - ending	<u>\$ 316,071</u>	<u>\$ 71,986</u>
Net assets:		
Cash and investments	<u>\$ 316,071</u>	<u>\$ 71,986</u>

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 32,820
Investment earnings:		
Interest	-	2,421
Total additions	-	35,241
Deductions:		
Benefits	68,814	-
Administrative and general	-	22,921
Total deductions	68,814	22,921
Excess (deficiency) of total additions over total deductions	(68,814)	12,320
Cash and investment fund balance - beginning	316,071	71,986
Cash and investment fund balance - ending	\$ 247,257	\$ 84,306
Net assets:		
Cash and investments	\$ 247,257	\$ 84,306

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
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.

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 Flatrock Hawcreek School Corporation, Shelby Eastern School Corporation, Northwestern School Corporation, and Shelbyville Central School Corporation in a joint venture to operate Blue River Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit quarterly payments based on enrollment and state funding levels to supplement the Cooperative. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the Blue River Special Education Cooperative administrative office at 1111 West McKay Road, Shelbyville, IN, 46176.

The School Corporation is a participant with Shelby Eastern School Corporation, Northwestern School Corporation, and Shelbyville Central School Corporation in a joint venture to operate Blue River Career Program which was created to provide vocational education to interested students. The School Corporation is obligated by contract to remit payments bimonthly based on enrollment and state funding levels to supplement the program. The Program's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Blue River Career Program can be obtained from the Blue River Career Program administrative office at 801 St. Joseph Street, Shelbyville, IN, 46176.

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.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit kindergarten students and students enrolled in agricultural classes.

C. Measurement Focus and Basis of Accounting

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

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. 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 fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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 or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits

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.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
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	2006-2007	2007-2008
General Fund	Capital Projects Fund	\$ -	\$ 160,000
General Fund	Debt Service Fund	-	98,000
General Fund	School Bus Replacement Fund	-	15,000
General Fund	Other governmental funds	-	34,000
Capital Projects Fund	General Fund	160,000	-
Capital Projects Fund	Transportation Operating Fund	200,000	200,000
Capital Projects Fund	Debt Service Fund	-	134,000
Debt Service Fund	General Fund	98,000	-
School Bus Replacement Fund	General Fund	15,000	-
School Bus Replacement Fund	Transportation Operating Fund	58,000	-
School Bus Replacement Fund	Debt Service Fund	-	9,412
School Bus Replacement Fund	Other governmental funds	-	11,320
Transportation Operating Fund	Capital Projects Fund	100,000	92,000
Transportation Operating Fund	School Bus Replacement Fund	-	58,000
Other governmental funds	General Fund	34,000	-
Other governmental funds	Other governmental funds	9,254	7,467
<b>Totals</b>		<b><u>\$ 674,254</u></b>	<b><u>\$ 819,199</u></b>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2007
Governmental Funds	\$ 1,623,962	\$ (70,922)	\$ -	\$ -	\$ 1,553,040
Private-Purpose Trust Funds	-	70,922	-	-	70,922

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, Retirees and Dependents

During 1991, the School Corporation joined with other governmental entities to form the South Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of group health insurance plans. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$125,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$125,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Southwestern Multi-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 totaled \$346,000.

C. 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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	School District PERF	Cafeteria Employees PERF
Annual required contribution	\$ 36,697	\$ 5,601
Interest on net pension obligation	(2,693)	(849)
Adjustment to annual required contribution	3,068	967
Annual pension cost	37,072	5,719
Contributions made	33,091	8,176
Increase (decrease) in net pension obligation	3,981	(2,457)
Net pension obligation, beginning of year	(37,138)	(11,706)
Net pension obligation, end of year	\$ (33,157)	\$ (14,163)

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	School District PERF	Cafeteria Employees PERF
Contribution rates:		
School Corporation	7.59%	7.59%
Plan members	3%	3%
Actuarial valuation date	07-01-07	07-01-07
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-97	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 31,237	116%	\$ (33,132)
	06-30-06	31,490	113%	(37,138)
	06-30-07	37,072	89%	(33,157)
Cafeteria Employees PERF	06-30-05	5,934	91%	(8,336)
	06-30-06	3,895	187%	(11,706)
	06-30-07	5,719	143%	(14,163)

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Plan members are required to contribute 3% of their salary and 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 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$87,160, \$68,696, and \$67,437, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES 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	\$ 343,928	\$ 453,334	\$ (109,406)	76%	\$ 472,753	(23%)
07-01-06	359,545	483,006	(123,461)	74%	418,107	(30%)
07-01-07	426,443	537,432	(110,989)	79%	402,113	(28%)

Cafeteria Employees Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 74,950	\$ 83,176	\$ (8,226)	90%	\$ 55,482	(15%)
07-01-06	85,001	84,040	961	101%	83,576	1%
07-01-07	101,103	80,809	20,294	125%	69,273	29%

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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	School Lunch	Textbook Rental	Educational License Plates	School Safe Haven	Instruction Support
<b>Receipts:</b>						
Local sources	\$ 2,801	\$ 202,707	\$ 86,221	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	469	-	-
State sources	19,007	4,267	12,127	-	1,554	11,427
Federal sources	-	71,854	-	-	-	-
Sale of property, adjustments and refunds	-	419	895	-	-	-
<b>Total receipts</b>	<b>21,808</b>	<b>279,247</b>	<b>99,243</b>	<b>469</b>	<b>1,554</b>	<b>11,427</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	17,131	-	-	-	-	11,427
Support services	-	299,258	85,252	-	1,554	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>17,131</b>	<b>299,258</b>	<b>85,252</b>	<b>-</b>	<b>1,554</b>	<b>11,427</b>
Excess (deficiency) of receipts over disbursements	4,677	(20,011)	13,991	469	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(24,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(24,000)</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	(19,323)	(20,011)	13,991	469	-	-
Cash and investments - beginning	35,217	24,420	1,886	132	-	-
Cash and investments - ending	\$ 15,894	\$ 4,409	\$ 15,877	\$ 601	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 15,894	\$ 4,409	\$ 15,877	\$ 601	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 15,894</b>	<b>\$ 4,409</b>	<b>\$ 15,877</b>	<b>\$ 601</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	15,894	4,409	15,877	601	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 15,894</b>	<b>\$ 4,409</b>	<b>\$ 15,877</b>	<b>\$ 601</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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)

	Non-English Speaking Program	Kindercare	Preschool	Educational Secretarial Work	Title I 2005-2006	Title I 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ 40,920	\$ 1,799	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	39	-	-	-	-	-
Federal sources	-	-	-	-	10,600	111,276
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>39</u>	<u>40,920</u>	<u>1,799</u>	<u>-</u>	<u>10,600</u>	<u>111,276</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	33,521	327	-	8,310	80,875
Support services	-	315	-	-	4,688	26,118
Community services	-	-	-	-	-	1,842
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>-</u>	<u>33,836</u>	<u>327</u>	<u>-</u>	<u>12,998</u>	<u>108,835</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>39</u>	<u>7,084</u>	<u>1,472</u>	<u>-</u>	<u>(2,398)</u>	<u>2,441</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	9,254
Transfers out	-	-	-	-	(9,254)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,254)</u>	<u>9,254</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>39</u>	<u>7,084</u>	<u>1,472</u>	<u>-</u>	<u>(11,652)</u>	<u>11,695</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>6,782</u>	<u>774</u>	<u>1,574</u>	<u>11,652</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 39</u>	<u>\$ 13,866</u>	<u>\$ 2,246</u>	<u>\$ 1,574</u>	<u>\$ -</u>	<u>\$ 11,695</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 39	\$ 13,866	\$ 2,246	\$ 1,574	\$ -	\$ 11,695
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 39</u>	<u>\$ 13,866</u>	<u>\$ 2,246</u>	<u>\$ 1,574</u>	<u>\$ -</u>	<u>\$ 11,695</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	39	13,866	2,246	1,574	-	11,695
<b>Total cash and investment fund balance - ending</b>	<u>\$ 39</u>	<u>\$ 13,866</u>	<u>\$ 2,246</u>	<u>\$ 1,574</u>	<u>\$ -</u>	<u>\$ 11,695</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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)

	Innovative Education Program Strategies	Title IV, Part A Safe and DFS 2006-2007	Drug Free Schools	Title IV, Part A Safe and DFS 2005-2006	Indiana Wellness Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	942	2,950	-	-	130
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>942</b>	<b>2,950</b>	<b>-</b>	<b>-</b>	<b>130</b>
Disbursements:					
Current:					
Instruction	942	-	-	-	-
Support services	-	-	590	2,209	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>942</b>	<b>-</b>	<b>590</b>	<b>2,209</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	2,950	(590)	(2,209)	130
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</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	-	2,950	(590)	(2,209)	130
Cash and investments - beginning	-	-	590	3,000	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,950</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 130</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 2,950	\$ -	\$ 791	\$ 130
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,950</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 791</u></b>	<b><u>\$ 130</u></b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,950	-	791	130
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,950</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 791</u></b>	<b><u>\$ 130</u></b>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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 II, Part A	Title II, Part D 2005-2006	Retirement/ Severance Bond	Construction	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 49,856	\$ 915	\$ 385,219
Intermediate sources	-	-	-	-	469
State sources	-	-	-	-	48,421
Federal sources	78,173	2,394	-	-	278,319
Sale of property, adjustments and refunds	-	-	-	-	1,314
<b>Total receipts</b>	<u>78,173</u>	<u>2,394</u>	<u>49,856</u>	<u>915</u>	<u>713,742</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	152,533
Support services	48,694	3,142	-	43,405	515,225
Community services	-	-	-	-	1,842
Debt services	-	-	52,939	-	52,939
<b>Total disbursements</b>	<u>48,694</u>	<u>3,142</u>	<u>52,939</u>	<u>43,405</u>	<u>722,539</u>
Excess (deficiency) of receipts over disbursements	<u>29,479</u>	<u>(748)</u>	<u>(3,083)</u>	<u>(42,490)</u>	<u>(8,797)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	9,254
Transfers out	-	-	(10,000)	-	(43,254)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(34,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,479	(748)	(13,083)	(42,490)	(42,797)
Cash and investments - beginning	<u>2,875</u>	<u>3,142</u>	<u>13,258</u>	<u>42,490</u>	<u>147,792</u>
Cash and investments - ending	<u>\$ 32,354</u>	<u>\$ 2,394</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 104,995</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 32,354	\$ 2,394	\$ -	\$ -	\$ 104,820
Restricted assets:					
Cash and investments	-	-	175	-	175
<b>Total cash and investment assets - ending</b>	<u>\$ 32,354</u>	<u>\$ 2,394</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 104,995</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 175	\$ -	\$ 175
Unrestricted	<u>32,354</u>	<u>2,394</u>	<u>-</u>	<u>-</u>	<u>104,820</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 32,354</u>	<u>\$ 2,394</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 104,995</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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	School Lunch	Textbook Rental	Educational License Plates	Early Intervention Grant
Receipts:					
Local sources	\$ 3,268	\$ 217,927	\$ 90,945	\$ -	\$ -
Intermediate sources	-	-	-	75	-
State sources	9,528	4,402	17,460	-	500
Federal sources	-	79,502	-	-	-
Sale of property, adjustments and refunds	-	265	1,465	-	-
<b>Total receipts</b>	<u>12,796</u>	<u>302,096</u>	<u>109,870</u>	<u>75</u>	<u>500</u>
Disbursements:					
Current:					
Instruction	15,856	-	-	-	-
Support services	-	288,824	87,917	-	500
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>15,856</u>	<u>288,824</u>	<u>87,917</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>(3,060)</u>	<u>13,272</u>	<u>21,953</u>	<u>75</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	24,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,940	13,272	21,953	75	-
Cash and investments - beginning	<u>15,894</u>	<u>4,409</u>	<u>15,877</u>	<u>601</u>	<u>-</u>
Cash and investments - ending	<u>\$ 36,834</u>	<u>\$ 17,681</u>	<u>\$ 37,830</u>	<u>\$ 676</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 36,834	\$ 17,681	\$ 37,830	\$ 676	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 36,834</u>	<u>\$ 17,681</u>	<u>\$ 37,830</u>	<u>\$ 676</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>36,834</u>	<u>17,681</u>	<u>37,830</u>	<u>676</u>	<u>-</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 36,834</u>	<u>\$ 17,681</u>	<u>\$ 37,830</u>	<u>\$ 676</u>	<u>\$ -</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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)

	High Ability Grant 2007-2008	Non-English Speaking Program	Kindercare	Preschool	Educational Secretarial Work
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 14,233	\$ 1,528	\$ -
Intermediate sources	-	-	-	-	-
State sources	28,484	-	-	-	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>28,484</b>	<b>-</b>	<b>14,233</b>	<b>1,528</b>	<b>-</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	28,484	-	22,109	1,235	-
Support services	-	39	66	-	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>28,484</b>	<b>39</b>	<b>22,175</b>	<b>1,235</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(39)	(7,942)	293	-
<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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(39)	(7,942)	293	-
Cash and investments - beginning	-	39	13,866	2,246	1,574
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,924</u>	<u>\$ 2,539</u>	<u>\$ 1,574</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ 5,924	\$ 2,539	\$ 1,574
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,924</u></b>	<b><u>\$ 2,539</u></b>	<b><u>\$ 1,574</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	5,924	2,539	1,574
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,924</u></b>	<b><u>\$ 2,539</u></b>	<b><u>\$ 1,574</u></b>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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 I 2006-2007	Title I 2007-2008	Title II, Part A Safe and DFS 2006-2007	Title II, Part A Safe and DFS 2005-2006	Indiana Wellness Grant
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	7,000	119,861	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>7,000</b>	<b>119,861</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	6,540	82,330	-	-	130
Support services	4,688	31,097	2,044	791	-
Community services	-	2,146	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>11,228</b>	<b>115,573</b>	<b>2,044</b>	<b>791</b>	<b>130</b>
Excess (deficiency) of receipts over disbursements	(4,228)	4,288	(2,044)	(791)	(130)
<b>Other financing sources (uses):</b>					
Transfers in	-	7,467	-	-	-
Transfers out	(7,467)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(7,467)</b>	<b>7,467</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,695)	11,755	(2,044)	(791)	(130)
Cash and investments - beginning	11,695	-	2,950	791	130
Cash and investments - ending	\$ -	\$ 11,755	\$ 906	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 11,755	\$ 906	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 11,755</b>	<b>\$ 906</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	11,755	906	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 11,755</b>	<b>\$ 906</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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 II, Part A	Title II, Part D 2005-2006	Retirement/ Severance Bond	Construction	Totals
<b>Receipts:</b>					
Local sources	\$ 15	\$ -	\$ 35,453	\$ 1,271	\$ 364,640
Intermediate sources	-	-	-	-	75
State sources	-	-	-	-	60,374
Federal sources	1,121	-	-	-	207,484
Sale of property, adjustments and refunds	-	-	-	-	1,730
<b>Total receipts</b>	<b>1,136</b>	<b>-</b>	<b>35,453</b>	<b>1,271</b>	<b>634,303</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	156,684
Support services	29,110	2,394	-	1,271	448,741
Community services	-	-	-	-	2,146
Debt services	-	-	56,947	-	56,947
<b>Total disbursements</b>	<b>29,110</b>	<b>2,394</b>	<b>56,947</b>	<b>1,271</b>	<b>664,518</b>
Excess (deficiency) of receipts over disbursements	(27,974)	(2,394)	(21,494)	-	(30,215)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	21,320	-	52,787
Transfers out	-	-	-	-	(7,467)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>21,320</b>	<b>-</b>	<b>45,320</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,974)	(2,394)	(174)	-	15,105
Cash and investments - beginning	32,354	2,394	175	-	104,995
Cash and investments - ending	\$ 4,380	\$ -	\$ 1	\$ -	\$ 120,100
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 4,380	\$ -	\$ -	\$ -	\$ 120,099
Restricted assets:					
Cash and investments	-	-	1	-	1
<b>Total cash and investment assets - ending</b>	<b>\$ 4,380</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 120,100</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 1	\$ -	\$ 1
Unrestricted	4,380	-	-	-	120,099
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,380</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 120,100</b>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2007

	<u>Retirement/ Severance Bond</u>
Additions:	
Total additions	<u>\$ -</u>
Deductions:	
Benefits	<u>65,625</u>
Deficiency of total additions over total deductions	(65,625)
Cash and investment fund balance - beginning	<u>381,696</u>
Cash and investment fund balance - ending	<u><u>\$ 316,071</u></u>
Net assets:	
Cash and investments	<u><u>\$ 316,071</u></u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond
Additions:	
Total additions	\$ -
Deductions:	
Benefits	68,814
Deficiency of total additions over total deductions	(68,814)
Cash and investment fund balance - beginning	316,071
Cash and investment fund balance - ending	\$ 247,257
Net assets:	
Cash and investments	\$ 247,257

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	<u>Cape Grant Elementary</u>	<u>Gifts and Donations</u>	<u>Special Ag Clark Estate</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 4,000	\$ 100	\$ 6,748	\$ 10,848
Investment earnings:				
Interest	-	-	2,132	2,132
Total additions	<u>4,000</u>	<u>100</u>	<u>8,880</u>	<u>12,980</u>
Deductions:				
Administrative and general	<u>1,908</u>	<u>983</u>	<u>9,025</u>	<u>11,916</u>
Excess (deficiency) of total additions over total deductions	2,092	(883)	(145)	1,064
Cash and investment fund balance - beginning	<u>2,000</u>	<u>1,483</u>	<u>67,439</u>	<u>70,922</u>
Cash and investments - June 30	<u>\$ 4,092</u>	<u>\$ 600</u>	<u>\$ 67,294</u>	<u>\$ 71,986</u>
Net assets:				
Cash and investments	<u>\$ 4,092</u>	<u>\$ 600</u>	<u>\$ 67,294</u>	<u>\$ 71,986</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	Cape Grant Elementary	Gifts and Donations	Special Ag Clark Estate	Totals
Additions:				
Contributions:				
Other	\$ 13,936	\$ 9,150	\$ 9,734	\$ 32,820
Investment earnings:				
Interest	-	-	2,421	2,421
Total additions	13,936	9,150	12,155	35,241
Deductions:				
Administrative and general	3,875	8,572	10,474	22,921
Excess of total additions over total deductions	10,061	578	1,681	12,320
Cash and investment fund balance - beginning	4,092	600	67,294	71,986
Cash and investments - June 30	\$ 14,153	\$ 1,178	\$ 68,975	\$ 84,306
Net assets:				
Cash and investments	\$ 14,153	\$ 1,178	\$ 68,975	\$ 84,306

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 59,424
Buildings	7,391,456
Improvements other than buildings	1,172,795
Construction in progress	<u>798,538</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 9,422,213</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Southwestern Multi-School Building Corporation (1998)	\$ 2,620,000	\$ 346,000
Southwestern Schools Improvement Building Corporation (2004)	1,794,912	229,000
Bonds payable:		
Revenue bonds:		
Pension/Severance Bond of 2003	<u>425,000</u>	<u>60,541</u>
Total governmental activities long-term debt	<u>\$ 4,839,912</u>	<u>\$ 635,541</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2009, with Dr. Terry R. Sargent, Superintendent of Schools; Salli S. Rooks, Treasurer; and Edward L. Thomas, President of the School Board. Our examination disclosed no material items that warrant comment at this time.