

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, 2008 to June 30, 2010



FILED
03/04/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brandon H. Penrod	07-01-08 to 02-15-11
Superintendent of Schools	Dr. Scott A. Mills	07-01-08 to 06-30-11
President of the School Board	Gene A. Donaghy	01-01-08 to 12-31-11



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, 2009 and 2010, 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, 2009 and 2010, 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 10, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 10, 2011



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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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 10, 2011. 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 10, 2011.

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 10, 2011

NORTHERN WELLS COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 10,680,914	\$ -	\$ 313,405	\$ (10,367,509)
Support services	8,395,677	882,670	447,650	(7,065,357)
Noninstructional services	1,374,255	-	-	(1,374,255)
Facilities acquisition and construction	1,053,352	-	-	(1,053,352)
Debt service	7,168,946	-	-	(7,168,946)
Nonprogrammed charges	<u>1,765,855</u>	<u>-</u>	<u>-</u>	<u>(1,765,855)</u>
Total governmental activities	<u>\$ 30,438,999</u>	<u>\$ 882,670</u>	<u>\$ 761,055</u>	<u>(28,795,274)</u>
General receipts:				
Property taxes				10,256,768
Other local sources				2,138,525
State aid				10,429,229
Bonds and loans				4,260,618
Grants and contributions not restricted to specific programs				1,905,565
Investment earnings				34,250
Other				<u>79,643</u>
Total general receipts				<u>29,104,598</u>
Change in net assets				309,324
Net assets - beginning				<u>2,560,630</u>
Net assets - ending				<u>\$ 2,869,954</u>
<u>Assets</u>				
Cash and investments				\$ 2,345,111
Restricted assets:				
Cash and investments				<u>524,843</u>
Total assets				<u>\$ 2,869,954</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 524,843
Unrestricted				<u>2,345,111</u>
Total net assets				<u>\$ 2,869,954</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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 9,714,083	\$ -	\$ 264,370	\$ (9,449,713)
Support services	7,537,366	1,257,292	514,147	(5,765,927)
Noninstructional services	1,328,433	-	-	(1,328,433)
Facilities acquisition and construction	276,370	-	-	(276,370)
Debt service	3,917,199	-	-	(3,917,199)
Nonprogrammed charges	1,724,908	-	-	(1,724,908)
Total governmental activities	\$ 24,498,359	\$ 1,257,292	\$ 778,517	(22,462,550)
General receipts:				
Property taxes				6,979,187
Other local sources				1,034,494
State aid				14,125,946
Bonds and loans				1,391,258
Grants and contributions not restricted to specific programs				1,300,425
Investment earnings				18,112
Other				97,778
Total general receipts				24,947,200
Change in net assets				2,484,650
Net assets - beginning				2,869,954
Net assets - ending				\$ 5,354,604
<u>Assets</u>				
Cash and investments				\$ 4,249,368
Restricted assets:				
Cash and investments				1,105,236
Total assets				\$ 5,354,604
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,105,236
Unrestricted				4,249,368
Total net assets				\$ 5,354,604

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, 2009

	General	Local Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 5,801,207	\$ -	\$ -	\$ 2,012,642	\$ 2,528,950	\$ 2,969,520	\$ 13,312,319
Intermediate sources	491	-	-	-	-	450	941
State sources	10,700,602	-	-	-	-	344,590	11,045,192
Federal sources	-	-	1,241,071	-	-	808,539	2,049,610
Temporary loans	2,668,687	-	-	-	644,152	947,779	4,260,618
Other	18,199	-	-	-	12,648	48,796	79,643
Total receipts	19,189,186	-	1,241,071	2,012,642	3,185,750	5,119,674	30,748,323
Disbursements:							
Current:							
Instruction	9,812,984	136,862	415,175	-	-	315,893	10,680,914
Support services	4,591,675	7,122	198,596	-	1,403,856	2,194,428	8,395,677
Noninstructional services	283,380	-	11,673	-	-	1,079,202	1,374,255
Facilities acquisition and construction	-	-	-	-	940,336	113,016	1,053,352
Debt services	3,790,000	-	-	1,871,417	461,118	1,046,411	7,168,946
Nonprogrammed charges	1,695,437	-	-	-	-	70,418	1,765,855
Total disbursements	20,173,476	143,984	625,444	1,871,417	2,805,310	4,819,368	30,438,999
Excess (deficiency) of receipts over disbursements	(984,290)	(143,984)	615,627	141,225	380,440	300,306	309,324
Other financing sources (uses):							
Transfers in	-	-	-	-	-	36,768	36,768
Transfers out	-	-	-	-	-	(36,768)	(36,768)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(984,290)	(143,984)	615,627	141,225	380,440	300,306	309,324
Cash and investments - beginning	784,585	500,000	-	346,436	295,478	634,131	2,560,630
Cash and investments - ending	<u>\$ (199,705)</u>	<u>\$ 356,016</u>	<u>\$ 615,627</u>	<u>\$ 487,661</u>	<u>\$ 675,918</u>	<u>\$ 934,437</u>	<u>\$ 2,869,954</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (199,705)	\$ 356,016	\$ 615,627	\$ -	\$ 675,918	\$ 897,255	\$ 2,345,111
Restricted assets:							
Cash and investments	-	-	-	487,661	-	37,182	524,843
Total cash and investment assets - ending	<u>\$ (199,705)</u>	<u>\$ 356,016</u>	<u>\$ 615,627</u>	<u>\$ 487,661</u>	<u>\$ 675,918</u>	<u>\$ 934,437</u>	<u>\$ 2,869,954</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 487,661	\$ -	\$ 37,182	\$ 524,843
Unrestricted	(199,705)	356,016	615,627	-	675,918	897,255	2,345,111
Total cash and investment fund balance - ending	<u>\$ (199,705)</u>	<u>\$ 356,016</u>	<u>\$ 615,627</u>	<u>\$ 487,661</u>	<u>\$ 675,918</u>	<u>\$ 934,437</u>	<u>\$ 2,869,954</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, 2010

	General	Local Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 408,263	\$ -	\$ -	\$ 2,630,412	\$ 2,905,677	\$ 3,302,656	\$ 9,247,008
Intermediate sources	3,980	-	-	-	-	263	4,243
State sources	14,384,493	-	-	-	-	400,084	14,784,577
Federal sources	-	-	512,030	-	-	946,115	1,458,145
Temporary loans	315,718	-	-	-	444,874	630,666	1,391,258
Other	32,588	-	-	-	7,784	57,406	97,778
Total receipts	15,145,042	-	512,030	2,630,412	3,358,335	5,337,190	26,983,009
Disbursements:							
Current:							
Instruction	8,413,543	136,862	868,023	-	-	295,655	9,714,083
Support services	3,380,076	423,101	300,256	-	1,128,241	2,305,692	7,537,366
Noninstructional services	257,288	-	8,526	-	-	1,062,619	1,328,433
Facilities acquisition and construction	-	-	-	-	276,370	-	276,370
Debt services	578,687	-	-	1,877,144	195,012	1,266,356	3,917,199
Nonprogrammed charges	1,678,036	-	-	-	-	46,872	1,724,908
Total disbursements	14,307,630	559,963	1,176,805	1,877,144	1,599,623	4,977,194	24,498,359
Excess (deficiency) of receipts over disbursements	837,412	(559,963)	(664,775)	753,268	1,758,712	359,996	2,484,650
Other financing sources (uses):							
Transfers in	-	400,000	49,148	-	-	32,101	481,249
Transfers out	(49,148)	-	-	(187,779)	(212,221)	(32,101)	(481,249)
Total other financing sources (uses)	(49,148)	400,000	49,148	(187,779)	(212,221)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	788,264	(159,963)	(615,627)	565,489	1,546,491	359,996	2,484,650
Cash and investments - beginning	(199,705)	356,016	615,627	487,661	675,918	934,437	2,869,954
Cash and investments - ending	\$ 588,559	\$ 196,053	\$ -	\$ 1,053,150	\$ 2,222,409	\$ 1,294,433	\$ 5,354,604
Cash and Investment Assets - Ending							
Cash and investments	\$ 588,559	\$ 196,053	\$ -	\$ -	\$ 2,222,409	\$ 1,242,347	\$ 4,249,368
Restricted assets:							
Cash and investments	-	-	-	1,053,150	-	52,086	1,105,236
Total cash and investment assets - ending	\$ 588,559	\$ 196,053	\$ -	\$ 1,053,150	\$ 2,222,409	\$ 1,294,433	\$ 5,354,604
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 1,053,150	\$ -	\$ 52,086	\$ 1,105,236
Unrestricted	588,559	196,053	-	-	2,222,409	1,242,347	4,249,368
Total cash and investment fund balance - ending	\$ 588,559	\$ 196,053	\$ -	\$ 1,053,150	\$ 2,222,409	\$ 1,294,433	\$ 5,354,604

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, 2009

	Pension Trust Funds
Deductions:	
Benefits	<u>\$ 36,459</u>
Deficiency of total additions under total deductions	(36,459)
Cash and investment fund balance - beginning	<u>36,459</u>
Cash and investment fund balance - ending	<u><u>\$ -</u></u>
Net assets:	
Cash and investments	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ -</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 in a joint venture to operate Adams-Wells Special Services Cooperative which was created to provide instruction for students with special needs. The Adams-Wells Special Services Cooperative's continued existence depends on continued funding by the participating school corporations. Complete financial statements for the Adams-Wells Special Services Cooperative can be obtained from administrative offices at 925 N. Main Street, Bluffton, IN 46714.

The School Corporation is a participant in a joint venture to operate Area 18 Career and Technical Education Cooperative which was created to provide occupational and technical training to students. The Area 18 Career and Technical Education Cooperative's continued existence depends on continued funding by the participating school corporations. Complete financial statements for the Area 18 Career and Technical Education Cooperative can be obtained from administrative offices at 805 E. Harrison Street, Bluffton, IN 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.

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

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Local Rainy Day Fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

The Fiscal Stabilization Fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement the funding of local, state, and federal programs.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts 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 cooperation in a trustee capacity.

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.

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.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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."

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, 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 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 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 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, if any, is eliminated or reclassified in the government-wide financial statements. 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. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

NORTHERN WELLS COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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.

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	June 30, 2009	June 30, 2010
General	\$ 199,705	\$ -
Food Service	50,724	-
Transportation Extra-Curricular Activities	6,493	5,065
Ruby Payne Foundation Grant	13,338	-
PTLW Implementation Grant	15,000	3,396
Aquatics	-	198
ARRA Title I Stimulus	-	70,828
Special Education Part B Stimulus	2,914	16,079

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.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$5,354,604.

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 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 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.

NORTHERN WELLS COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
General Fund	Fiscal Stabilization Fund	\$ -	\$ 49,148
Debt Service Fund	Local Rainy Day Fund	-	187,779
Capital Projects Fund	Local Rainy Day Fund	-	212,221
Other Governmental Funds	Other Governmental Funds	<u>36,768</u>	<u>32,101</u>
Totals		<u>\$ 36,768</u>	<u>\$ 481,249</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS
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; 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 risks covered by commercial insurance 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 Employees' 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 School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$300,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$300,000 limit.

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 years June 30, 2009 and June 30, 2010, totaled \$1,712,000 and \$1,791,000, respectively.

C. Subsequent Events

On November 16, 2010, the School Board amended the existing lease with the Northern Wells Community School Building Corporation for improvements to Norwell Middle School, Norwell High School, and Ossian Elementary School. The estimated project cost is \$2,000,000. The project is anticipated to be completed in August 2011. The lease payments end January 1, 2026.

D. 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 in January 2014. During the year ended June 30, 2010, disbursements of \$17,892 were paid to two former employees.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$603,421.

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.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

The School Corporation's contributions to the plan during the period were \$668,369.

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)
07-01-07	\$ 3,140,591	\$ 3,875,901	\$ (735,310)	81%	\$ 2,811,225	(26%)
07-01-08	3,568,113	4,321,986	(753,873)	83%	2,714,621	(28%)
07-01-09	3,494,113	4,562,397	(1,068,284)	77%	2,883,887	(37%)

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, 2009

	Transportation Operating	Special Education Preschool	Food Service	Textbook Rental	Area 18 Vocational	Child Care Programs	License Plate
Receipts:							
Local sources	\$ 1,292,257	\$ 12,052	\$ 627,803	\$ 306,429	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	450
State sources	-	73,179	17,369	36,787	-	84,881	-
Federal sources	-	-	349,367	-	27,320	-	-
Temporary loans	947,779	-	-	-	-	-	-
Other	-	-	-	28,380	-	21	-
Total receipts	<u>2,240,036</u>	<u>85,231</u>	<u>994,539</u>	<u>371,596</u>	<u>27,320</u>	<u>84,902</u>	<u>450</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	27,131	-	-
Support services	1,359,322	12,173	8,323	375,373	-	15	489
Noninstructional services	-	-	965,102	-	-	106,430	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	660,000	-	-	-	-	-	-
Nonprogrammed charges	-	68,750	-	-	-	-	-
Total disbursements	<u>2,019,322</u>	<u>80,923</u>	<u>973,425</u>	<u>375,373</u>	<u>27,131</u>	<u>106,445</u>	<u>489</u>
Excess (deficiency) of receipts over disbursements	<u>220,714</u>	<u>4,308</u>	<u>21,114</u>	<u>(3,777)</u>	<u>189</u>	<u>(21,543)</u>	<u>(39)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>220,714</u>	<u>4,308</u>	<u>21,114</u>	<u>(3,777)</u>	<u>189</u>	<u>(21,543)</u>	<u>(39)</u>
Cash and investments - beginning	<u>(104,150)</u>	<u>(13)</u>	<u>(71,838)</u>	<u>196,552</u>	<u>(189)</u>	<u>49,239</u>	<u>227</u>
Cash and investments - ending	<u>\$ 116,564</u>	<u>\$ 4,295</u>	<u>\$ (50,724)</u>	<u>\$ 192,775</u>	<u>\$ -</u>	<u>\$ 27,696</u>	<u>\$ 188</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 116,564	\$ 4,295	\$ (50,724)	\$ 192,775	\$ -	\$ 27,696	\$ 188
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 116,564</u>	<u>\$ 4,295</u>	<u>\$ (50,724)</u>	<u>\$ 192,775</u>	<u>\$ -</u>	<u>\$ 27,696</u>	<u>\$ 188</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>116,564</u>	<u>4,295</u>	<u>(50,724)</u>	<u>192,775</u>	<u>-</u>	<u>27,696</u>	<u>188</u>
Total cash and investment fund balance - ending	<u>\$ 116,564</u>	<u>\$ 4,295</u>	<u>\$ (50,724)</u>	<u>\$ 192,775</u>	<u>\$ -</u>	<u>\$ 27,696</u>	<u>\$ 188</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, 2009
 (Continued)

	Alternative Education	School Safe Haven	Early Intervention	Ecolab Foundation	Teacher of the Year 2006-2007	Teacher of the Year 2007-2008	Teacher of the Year 2008-2009
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Intermediate sources	-	-	-	-	-	-	-
State sources	13,224	3,334	12,650	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	13,224	3,334	12,650	-	-	-	500
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	2,174	12,751	5,143	-	74	500
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	2,174	12,751	5,143	-	74	500
Excess (deficiency) of receipts over disbursements	13,224	1,160	(101)	(5,143)	-	(74)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,224	1,160	(101)	(5,143)	-	(74)	-
Cash and investments - beginning	11,489	(1,160)	82,765	5,559	500	500	-
Cash and investments - ending	\$ 24,713	\$ -	\$ 82,664	\$ 416	\$ 500	\$ 426	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 24,713	\$ -	\$ 82,664	\$ 416	\$ 500	\$ 426	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 24,713	\$ -	\$ 82,664	\$ 416	\$ 500	\$ 426	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	24,713	-	82,664	416	500	426	-
Total cash and investment fund balance - ending	\$ 24,713	\$ -	\$ 82,664	\$ 416	\$ 500	\$ 426	\$ -

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, 2009
 (Continued)

	Extra-Curricular Salaries	Transportation Extra-Curricular Activities	Aquatics	Alternative School Technology	Recycling	Ruby Payne Foundation Grant	PLTW Implementation Grant
Receipts:							
Local sources	\$ 11,126	\$ 31,625	\$ 11,742	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	20,000
Total receipts	11,126	31,625	11,742	-	-	-	20,000
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	11,455	31,412	9,403	757	4	-	15,928
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	11,455	31,412	9,403	757	4	-	15,928
Excess (deficiency) of receipts over disbursements	(329)	213	2,339	(757)	(4)	-	4,072
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(329)	213	2,339	(757)	(4)	-	4,072
Cash and investments - beginning	5,010	(6,706)	3,260	2,847	4	(13,338)	(19,072)
Cash and investments - ending	<u>\$ 4,681</u>	<u>\$ (6,493)</u>	<u>\$ 5,599</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ (13,338)</u>	<u>\$ (15,000)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 4,681	\$ (6,493)	\$ 5,599	\$ 2,090	\$ -	\$ (13,338)	\$ (15,000)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,681	\$ (6,493)	\$ 5,599	\$ 2,090	\$ -	\$ (13,338)	\$ (15,000)
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,681	(6,493)	5,599	2,090	-	(13,338)	(15,000)
Total cash and investment fund balance - ending	\$ 4,681	\$ (6,493)	\$ 5,599	\$ 2,090	\$ -	\$ (13,338)	\$ (15,000)

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, 2009
 (Continued)

	English Language Enrichment	Technology Grants	Title I SIP Program	Title I 2007-2008	Title I 2008-2009	Title V, Part A 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	4,198	98,968	-	-	-	-
Federal sources	-	-	31,878	14,322	301,316	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	395	-
Total receipts	4,198	98,968	31,878	14,322	301,711	-
Disbursements:						
Current:						
Instruction	-	-	4,052	84,841	199,869	-
Support services	-	-	19,393	10,252	88,490	349
Noninstructional services	-	-	158	4,525	2,987	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	23,603	99,618	291,346	349
Excess (deficiency) of receipts over disbursements	4,198	98,968	8,275	(85,296)	10,365	(349)
Other financing sources (uses):						
Transfers in	-	-	-	-	36,768	-
Transfers out	-	-	-	(36,768)	-	-
Total other financing sources (uses)	-	-	-	(36,768)	36,768	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,198	98,968	8,275	(122,064)	47,133	(349)
Cash and investments - beginning	(301)	-	(8,275)	122,064	-	2,107
Cash and investments - ending	\$ 3,897	\$ 98,968	\$ -	\$ -	\$ 47,133	\$ 1,758
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,897	\$ 98,968	\$ -	\$ -	\$ 47,133	\$ 1,758
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 3,897	\$ 98,968	\$ -	\$ -	\$ 47,133	\$ 1,758
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,897	98,968	-	-	47,133	1,758
Total cash and investment fund balance - ending	\$ 3,897	\$ 98,968	\$ -	\$ -	\$ 47,133	\$ 1,758

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, 2009
 (Continued)

	Title V, Part A 2008-2009	Drug-Free Schools / Title IV, Part A	Title IV, Part A Drug-Free Schools	Educating America Title III	Emergency Impact Aid	Other Federal Programs
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,490	-	7,341	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	1,490	-	7,341	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	2,666	5,631	2,111	312	580
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	2,666	5,631	2,111	312	580
Excess (deficiency) of receipts over disbursements	1,490	(2,666)	1,710	(2,111)	(312)	(580)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,490	(2,666)	1,710	(2,111)	(312)	(580)
Cash and investments - beginning	-	2,666	-	2,111	2,469	580
Cash and investments - ending	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ -</u>	<u>\$ 2,157</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,490	\$ -	\$ 1,710	\$ -	\$ 2,157	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ -</u>	<u>\$ 2,157</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,490	-	1,710	-	2,157	-
Total cash and investment fund balance - ending	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ -</u>	<u>\$ 2,157</u>	<u>\$ -</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, 2009
 (Continued)

	Title II Part A	Special Education Part B Stimulus	Retirement / Severance Bond	Transportation Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 376,657	\$ 298,255	\$ 1,074	\$ 2,969,520
Intermediate sources	-	-	-	-	-	450
State sources	-	-	-	-	-	344,590
Federal sources	75,505	-	-	-	-	808,539
Temporary loans	-	-	-	-	-	947,779
Other	-	-	-	-	-	48,796
Total receipts	75,505	-	376,657	298,255	1,074	5,119,674
Disbursements:						
Current:						
Instruction	-	-	-	-	-	315,893
Support services	71,069	2,914	-	145,365	-	2,194,428
Noninstructional services	-	-	-	-	-	1,079,202
Facilities acquisition and construction	-	-	-	-	113,016	113,016
Debt services	-	-	386,411	-	-	1,046,411
Nonprogrammed charges	1,668	-	-	-	-	70,418
Total disbursements	72,737	2,914	386,411	145,365	113,016	4,819,368
Excess (deficiency) of receipts over disbursements	2,768	(2,914)	(9,754)	152,890	(111,942)	300,306
Other financing sources (uses):						
Transfers in	-	-	-	-	-	36,768
Transfers out	-	-	-	-	-	(36,768)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,768	(2,914)	(9,754)	152,890	(111,942)	300,306
Cash and investments - beginning	18,933	-	46,936	190,901	112,454	634,131
Cash and investments - ending	\$ 21,701	\$ (2,914)	\$ 37,182	\$ 343,791	\$ 512	\$ 934,437
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 21,701	\$ (2,914)	\$ -	\$ 343,791	\$ 512	\$ 897,255
Restricted assets:						
Cash and investments	-	-	37,182	-	-	37,182
Total cash and investment assets - ending	\$ 21,701	\$ (2,914)	\$ 37,182	\$ 343,791	\$ 512	\$ 934,437
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 37,182	\$ -	\$ -	\$ 37,182
Unrestricted	21,701	(2,914)	-	343,791	512	897,255
Total cash and investment fund balance - ending	\$ 21,701	\$ (2,914)	\$ 37,182	\$ 343,791	\$ 512	\$ 934,437

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, 2010

	Transportation Operating	Special Education Preschool	Food Service	Textbook Rental	Levy Excess	Area 18 Vocational	Child Care Programs
Receipts:							
Local sources	\$ 1,828,429	\$ -	\$ 625,991	\$ 303,867	\$ 37,098	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	44,000	17,008	37,834	-	-	100,597
Federal sources	-	-	398,925	-	-	24,519	-
Temporary loans	630,666	-	-	-	-	-	-
Other	2,040	-	-	5,188	-	-	-
Total receipts	2,461,135	44,000	1,041,924	346,889	37,098	24,519	100,597
Disbursements:							
Current:							
Instruction	-	-	-	-	-	24,440	-
Support services	1,221,468	4,295	4,282	358,288	-	-	-
Noninstructional services	-	-	920,750	-	-	-	126,919
Debt services	879,268	-	-	-	-	-	-
Nonprogrammed charges	-	44,000	-	-	-	-	-
Total disbursements	2,100,736	48,295	925,032	358,288	-	24,440	126,919
Excess (deficiency) of receipts over disbursements	360,399	(4,295)	116,892	(11,399)	37,098	79	(26,322)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	360,399	(4,295)	116,892	(11,399)	37,098	79	(26,322)
Cash and investments - beginning	116,564	4,295	(50,724)	192,775	-	-	27,696
Cash and investments - ending	<u>\$ 476,963</u>	<u>\$ -</u>	<u>\$ 66,168</u>	<u>\$ 181,376</u>	<u>\$ 37,098</u>	<u>\$ 79</u>	<u>\$ 1,374</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 476,963	\$ -	\$ 66,168	\$ 181,376	\$ 37,098	\$ 79	\$ 1,374
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 476,963	\$ -	\$ 66,168	\$ 181,376	\$ 37,098	\$ 79	\$ 1,374
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	476,963	-	66,168	181,376	37,098	79	1,374
Total cash and investment fund balance - ending	\$ 476,963	\$ -	\$ 66,168	\$ 181,376	\$ 37,098	\$ 79	\$ 1,374

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, 2010
 (Continued)

	License Plate	Alternative Education	Early Intervention	Ecolab Foundation	Wells Community Health Donation	Teacher of the Year 2006-2007	Teacher of the Year 2007-2008
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,492	\$ -	\$ -
Intermediate sources	263	-	-	-	-	-	-
State sources	-	12,010	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	263	12,010	-	-	1,492	-	-
Disbursements:							
Current:							
Instruction	-	24,713	-	-	-	-	-
Support services	338	-	300	161	1,492	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	338	24,713	300	161	1,492	-	-
Excess (deficiency) of receipts over disbursements	(75)	(12,703)	(300)	(161)	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75)	(12,703)	(300)	(161)	-	-	-
Cash and investments - beginning	188	24,713	82,664	416	-	500	426
Cash and investments - ending	<u>\$ 113</u>	<u>\$ 12,010</u>	<u>\$ 82,364</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 426</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 113	\$ 12,010	\$ 82,364	\$ 255	\$ -	\$ 500	\$ 426
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 113</u>	<u>\$ 12,010</u>	<u>\$ 82,364</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 426</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	113	12,010	82,364	255	-	500	426
Total cash and investment fund balance - ending	<u>\$ 113</u>	<u>\$ 12,010</u>	<u>\$ 82,364</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 426</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, 2010
 (Continued)

	Extra-Curricular Salaries	Transportation Extra-Curricular Activities	Aquatics	Alternative School Technology	Alternative School Technology Grant - 2009	Ruby Payne Foundation Grant	PLTW Implementation Grant
Receipts:							
Local sources	\$ 11,268	\$ 30,480	\$ 9,085	\$ -	\$ 5,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	13,338	30,000
Total receipts	11,268	30,480	9,085	-	5,000	13,338	30,000
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	11,354	29,052	14,882	1,770	-	-	18,396
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	11,354	29,052	14,882	1,770	-	-	18,396
Excess (deficiency) of receipts over disbursements	(86)	1,428	(5,797)	(1,770)	5,000	13,338	11,604
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(86)	1,428	(5,797)	(1,770)	5,000	13,338	11,604
Cash and investments - beginning	4,681	(6,493)	5,599	2,090	-	(13,338)	(15,000)
Cash and investments - ending	<u>\$ 4,595</u>	<u>\$ (5,065)</u>	<u>\$ (198)</u>	<u>\$ 320</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (3,396)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 4,595	\$ (5,065)	\$ (198)	\$ 320	\$ 5,000	\$ -	\$ (3,396)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,595</u>	<u>\$ (5,065)</u>	<u>\$ (198)</u>	<u>\$ 320</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (3,396)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,595	(5,065)	(198)	320	5,000	-	(3,396)
Total cash and investment fund balance - ending	<u>\$ 4,595</u>	<u>\$ (5,065)</u>	<u>\$ (198)</u>	<u>\$ 320</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (3,396)</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, 2010
 (Continued)

	English Language Enrichment	Technology Grants	Driver Education Program	ACT Student Testing	Langford Seminars	Excess PTRC Distribution	Title I 2009-2010
Receipts:							
Local sources	\$ -	\$ -	\$ 34,821	\$ 15	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	5,823	-	-	-	-	182,812	-
Federal sources	-	-	-	-	-	-	274,369
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	6,840	-	-
Total receipts	5,823	-	34,821	15	6,840	182,812	274,369
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	143,060
Support services	3,909	92,479	-	-	-	-	119,727
Noninstructional services	-	-	2,769	-	-	-	6,492
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,909	92,479	2,769	-	-	-	269,279
Excess (deficiency) of receipts over disbursements	1,914	(92,479)	32,052	15	6,840	182,812	5,090
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	32,101
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	32,101
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,914	(92,479)	32,052	15	6,840	182,812	37,191
Cash and investments - beginning	3,897	98,968	-	-	-	-	-
Cash and investments - ending	<u>\$ 5,811</u>	<u>\$ 6,489</u>	<u>\$ 32,052</u>	<u>\$ 15</u>	<u>\$ 6,840</u>	<u>\$ 182,812</u>	<u>\$ 37,191</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,811	\$ 6,489	\$ 32,052	\$ 15	\$ 6,840	\$ 182,812	\$ 37,191
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,811</u>	<u>\$ 6,489</u>	<u>\$ 32,052</u>	<u>\$ 15</u>	<u>\$ 6,840</u>	<u>\$ 182,812</u>	<u>\$ 37,191</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,811	6,489	32,052	15	6,840	182,812	37,191
Total cash and investment fund balance - ending	<u>\$ 5,811</u>	<u>\$ 6,489</u>	<u>\$ 32,052</u>	<u>\$ 15</u>	<u>\$ 6,840</u>	<u>\$ 182,812</u>	<u>\$ 37,191</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, 2010
 (Continued)

	Title I 2008-2009	Title V, Part A 2007-2008	Title V, Part A 2008-2009	Title V, Part A 2009-2010	Title IV, Part A Drug-Free Schools	Emergency Impact Aid	Title II Part A
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	31,549	1,490	-	8,429	-	-	78,998
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	31,549	1,490	-	8,429	-	-	78,998
Disbursements:							
Current:							
Instruction	28,441	-	-	-	-	-	-
Support services	17,766	3,248	-	8,113	1,565	-	60,796
Noninstructional services	374	-	-	148	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,490	-	-	-	1,382
Total disbursements	46,581	3,248	1,490	8,261	1,565	-	62,178
Excess (deficiency) of receipts over disbursements	(15,032)	(1,758)	(1,490)	168	(1,565)	-	16,820
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(32,101)	-	-	-	-	-	-
Total other financing sources (uses)	(32,101)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(47,133)	(1,758)	(1,490)	168	(1,565)	-	16,820
Cash and investments - beginning	47,133	1,758	1,490	-	1,710	2,157	21,701
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 168	\$ 145	\$ 2,157	\$ 38,521
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 168	\$ 145	\$ 2,157	\$ 38,521
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 168	\$ 145	\$ 2,157	\$ 38,521
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	168	145	2,157	38,521
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 168	\$ 145	\$ 2,157	\$ 38,521

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, 2010
 (Continued)

	ARRA Title I Stimulus	Special Education Part B Stimulus	Retirement / Severance Bond	Transportation Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 401,992	\$ 12,574	\$ 544	\$ 3,302,656
Intermediate sources	-	-	-	-	-	263
State sources	-	-	-	-	-	400,084
Federal sources	94,709	33,127	-	-	-	946,115
Temporary loans	-	-	-	-	-	630,666
Other	-	-	-	-	-	57,406
Total receipts	94,709	33,127	401,992	12,574	544	5,337,190
Disbursements:						
Current:						
Instruction	58,063	16,938	-	-	-	295,655
Support services	102,307	29,354	-	200,350	-	2,305,692
Noninstructional services	5,167	-	-	-	-	1,062,619
Debt services	-	-	387,088	-	-	1,266,356
Nonprogrammed charges	-	-	-	-	-	46,872
Total disbursements	165,537	46,292	387,088	200,350	-	4,977,194
Excess (deficiency) of receipts over disbursements	(70,828)	(13,165)	14,904	(187,776)	544	359,996
Other financing sources (uses):						
Transfers in	-	-	-	-	-	32,101
Transfers out	-	-	-	-	-	(32,101)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(70,828)	(13,165)	14,904	(187,776)	544	359,996
Cash and investments - beginning	-	(2,914)	37,182	343,791	512	934,437
Cash and investments - ending	<u>\$ (70,828)</u>	<u>\$ (16,079)</u>	<u>\$ 52,086</u>	<u>\$ 156,015</u>	<u>\$ 1,056</u>	<u>\$ 1,294,433</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (70,828)	\$ (16,079)	\$ -	\$ 156,015	\$ 1,056	\$ 1,242,347
Restricted assets:						
Cash and investments	-	-	52,086	-	-	52,086
Total cash and investment assets - ending	<u>\$ (70,828)</u>	<u>\$ (16,079)</u>	<u>\$ 52,086</u>	<u>\$ 156,015</u>	<u>\$ 1,056</u>	<u>\$ 1,294,433</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 52,086	\$ -	\$ -	\$ 52,086
Unrestricted	(70,828)	(16,079)	-	156,015	1,056	1,242,347
Total cash and investment fund balance - ending	<u>\$ (70,828)</u>	<u>\$ (16,079)</u>	<u>\$ 52,086</u>	<u>\$ 156,015</u>	<u>\$ 1,056</u>	<u>\$ 1,294,433</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
High School / Middle School / Lancaster Elementary	\$ 17,710,000	\$ 1,850,000
Bonds payable:		
General obligation bonds	<u>2,870,000</u>	<u>194,769</u>
Total governmental activities debt	<u>\$ 20,580,000</u>	<u>\$ 2,044,769</u>

NORTHERN WELLS COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The School Corporation has not recorded capital asset additions and deletions since June 30, 2006. A similar comment appeared in prior Report B34203.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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)

DEPOSITS

Receipts issued on April 27, 2009, totaling \$33,959.40 were not deposited until May 7, 2009, eight business days after the receipt date.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn.

Fund	June 30, 2009	June 30, 2010
General	\$ 199,705	\$ -
Food Service	50,724	-
Transportation Extra-Curricular Activities	6,493	5,065
Ruby Payne Foundation Grant	13,338	-
PLTW Implementation Grant	15,000	3,396
Aquatics	-	198
ARRA Title I Stimulus	-	70,828
Special Education Part B Stimulus	2,914	16,079

A similar comment appeared in prior Report B34203.

The cash 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)

NORTHERN WELLS COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The School Corporation did not accurately complete the School Biannual Report (Form 9) for the period July 1, 2008 to December 31, 2008, required by the Indiana Department of Education. Disbursements occurring during July 2008 for nine funds were not included in the Form 9 for the six months ending December 31, 2008, which resulted in an understatement of disbursements. A similar comment appeared in prior Report B34203.

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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 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 each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 each of its major federal programs for the years ended June 30, 2009 and 2010.

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 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.

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)

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.

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 10, 2011

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY08-09 FY09-10	\$ 31,374 -	\$ - 30,040
Total for program			31,374	30,040
National School Lunch Program	10.555	FY08-09 FY09-10	382,036 -	- 433,000
Total for program			382,036	433,000
Total for federal grantor agency			413,410	463,040
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	08-8435 08-8435 09-8435 10-8435	23,603 122,619 291,345 -	- - 78,682 269,279
Total for program			437,567	347,961
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY09-10	-	165,537
Total for cluster			437,567	513,498
Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-029-SN01	2,914	46,292
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY08-09 FY09-10	625,444 -	- 1,127,656
Total for cluster			625,444	1,127,656
Pass-Through Bluffton-Harrison Metropolitan School District Career and Technical Education - Basic Grants to States	84.048	FY08-09 FY09-10	27,320 -	- 24,519
Total for program			27,320	24,519
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	07-8435 08-8435 09-8435	2,666 5,631 -	- 1,565 8,261
Total for program			8,297	9,826

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

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243			
		PLTW-7-354	928	-
		PLTW-8-354	15,000	-
		PLTW-9-354	-	15,000
		11-CI070	-	3,396
Total for program			<u>15,928</u>	<u>18,396</u>
Pass-Through Indiana Department of Education Goals 2000-State and Local Education Systemic Improvement Grants	84.276	S276A980014	2,111	-
State Grants for Innovative Programs	84.298			
		SY07-08	348	1,758
		SY07-08	-	1,490
Total for program			<u>348</u>	<u>3,248</u>
Improving Teacher Quality State Grants	84.367			
		07-8435	19,761	-
		08-8435	52,975	22,530
		09-8435	-	39,648
Total for program			<u>72,736</u>	<u>62,178</u>
Total for federal grantor agency			<u>1,192,665</u>	<u>1,805,613</u>
Total federal awards expended			<u>\$ 1,606,075</u>	<u>\$ 2,268,653</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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, 2009 and 2010. 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, 2009	For the Year Ended June 30, 2010
Child nutrition cluster:			
Food commodities:			
School breakfast program	10.553	\$ 5,222	\$ 4,495
National school lunch program	10.555	<u>63,753</u>	<u>64,977</u>
Total for cluster		<u>\$ 68,975</u>	<u>\$ 69,472</u>

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? no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Northern Wells Community Schools

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

Telephone (260) 622-4125
Fax (260) 622-7893

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.

January 10, 2011

Summary Schedule of Prior Audit Findings

Finding 2008-1 and 2008-2

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

Corrective action has been taken to ensure the school is in compliance with the applicable laws of the State of Indiana and Federal statutes.

Sincerely,

Brandon Penrod
Treasurer

NORTHERN WELLS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2011, with Dr. Scott A. Mills, Superintendent of Schools; Brandon H. Penrod, Treasurer; Gene A. Donaghy, President of the School Board; and Michelle Brown-Stohler, Vice President of the School Board. The official response has been made a part of this report and may be found on page 48.

Northern Wells Community Schools

312 North Jefferson Street, P.O. Box 386
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Telephone (260) 622-4125
Fax (260) 622-7893

Dr. Scott A. Mills, Superintendent

Feb. 21, 2011

To: Gary DeWitt, State Board of Accounts

Mr. DeWitt:

The Northern Wells Community Schools acknowledges that the Capital Asset Records need to be updated. This process will begin in the summer of this year. The error of delaying deposits has been rectified. NWCS also acknowledges an error in Form 9 occurred for the period of July 1, 2008 to Dec. 31, 2008. This was an unintentional human error and was corrected as requested as soon as it was discovered.

The overdrawn cash balances were caused in general by revenue shortfalls and NWCS has made dramatic budget cuts to reverse the General Fund deficit. Also, it needs to be noted that the federal grants are now reimbursable. In other words, NWCS must pay for grant expenses from its cash balance then NWCS must file for reimbursement through the State. This should consistently cause cash balances for federal grants to be negative.

Respectfully submitted,



Scott Mills
Superintendent