

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

SOUTHERN WELLS COMMUNITY SCHOOLS

WELLS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED

04/02/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vicki S. Andrews	07-01-10 to 06-30-13
Superintendent of Schools	James L. Craig	07-01-10 to 06-30-13
President of the School Board	Christopher J. Smith Douglas Klefeker	07-01-10 to 06-30-12 07-01-12 to 06-30-13



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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 ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Southern Wells Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

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

STATE BOARD OF ACCOUNTS

February 5, 2013

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FINANCIAL STATEMENT

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

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SOUTHERN WELLS COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 127,990	\$ 4,765,077	\$ 4,228,814	\$ (141,028)	\$ 523,225	\$ 4,907,688	\$ 4,607,314	\$ -	\$ 823,599
Referendum	40,390	333,189	347,153	-	26,426	276,194	210,497	-	92,123
Debt Service	124,655	358,498	330,348	(60,000)	92,805	294,895	296,253	-	91,447
Capital Projects	530,681	724,906	792,827	(2,369)	460,391	634,738	824,747	-	270,382
Transportation Operating	128,520	585,713	524,638	60,309	249,904	614,394	526,568	2,692	340,422
School Bus Replacement	79,266	76,451	87,132	(63,022)	5,563	119,863	79,050	-	46,376
Rainy Day	125,371	-	-	224,002	349,373	-	51,204	-	298,169
School Lunch	24,436	294,849	293,109	-	26,176	343,567	340,407	-	29,336
Textbook Rental	56,658	66,367	76,597	-	46,428	77,266	84,318	-	39,376
Levy Excess	11,318	-	-	(11,318)	-	12,618	-	-	12,618
Educational License Plate Fee	498	113	-	-	611	113	686	-	38
Lilly Endowment	600	-	-	(600)	-	-	-	-	-
Wells County Auxiliary Grant	-	-	-	-	-	900	900	-	-
Wells County Foundation Grant	44	4,310	3,955	-	399	6,299	6,649	-	49
Driver's Education	14,595	10,010	12,243	(3,338)	9,024	21,188	14,041	(2,692)	13,479
CADA Grant	-	-	-	-	-	1,500	-	-	1,500
High Ability Grant	-	27,999	27,999	-	-	27,363	-	-	27,363
Economic Education Mini Grant	5	-	5	-	-	-	-	-	-
Non-English Speaking Program	2,490	-	-	-	2,490	423	-	-	2,913
School Technology	-	7,850	-	-	7,850	8,220	8,700	-	7,370
County School Safety Commission	483	-	-	-	483	-	483	-	-
Title I	-	56,835	56,835	-	-	40,000	40,000	-	-
Title V Part A FY 2008-2009	1,442	-	-	-	1,442	-	656	-	786
Title IV Drug-Free Schools	1,838	-	1,729	-	109	-	109	-	-
Vocational and Technical Board Grant	-	9,883	1,049	-	8,834	6,500	14,944	-	390
Vocational Moving Forward Grant - LEA	10,170	-	7,670	(2,500)	-	-	-	-	-
Improving Teaching Quality NCLB	307	-	89	-	218	10,856	30,687	-	(19,613)
Education Jobs	-	-	-	-	-	149,360	149,360	-	-
Clearing	-	1,043,056	1,032,074	-	10,982	1,225,540	1,234,017	-	2,505
Totals	\$ 1,281,757	\$ 8,365,106	\$ 7,824,266	\$ 136	\$ 1,822,733	\$ 8,779,485	\$ 8,521,590	\$ -	\$ 2,080,628

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

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Referendum	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 127,990	\$ 40,390	\$ 124,655	\$ 530,681	\$ 128,520	\$ 79,266	\$ 125,371	\$ 24,436	\$ 56,658
Receipts:									
Local sources	42,890	333,189	358,498	724,906	585,488	76,451	-	181,087	50,762
Intermediate sources	64	-	-	-	-	-	-	-	-
State sources	4,718,605	-	-	-	-	-	-	4,340	15,605
Federal sources	2,312	-	-	-	-	-	-	109,422	-
Other	1,206	-	-	-	225	-	-	-	-
Total receipts	<u>4,765,077</u>	<u>333,189</u>	<u>358,498</u>	<u>724,906</u>	<u>585,713</u>	<u>76,451</u>	<u>-</u>	<u>294,849</u>	<u>66,367</u>
Disbursements:									
Current:									
Instruction	2,785,684	347,153	-	-	-	-	-	-	-
Support services	1,334,153	-	-	453,657	524,638	87,132	-	-	76,597
Noninstructional services	108,977	-	-	-	-	-	-	292,980	-
Facilities acquisition and construction	-	-	-	339,170	-	-	-	129	-
Debt services	-	-	330,348	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>4,228,814</u>	<u>347,153</u>	<u>330,348</u>	<u>792,827</u>	<u>524,638</u>	<u>87,132</u>	<u>-</u>	<u>293,109</u>	<u>76,597</u>
Excess (deficiency) of receipts over disbursements	<u>536,263</u>	<u>(13,964)</u>	<u>28,150</u>	<u>(67,921)</u>	<u>61,075</u>	<u>(10,681)</u>	<u>-</u>	<u>1,740</u>	<u>(10,230)</u>
Other financing sources (uses):									
Sale of capital assets	136	-	-	-	-	-	-	-	-
Transfers in	8,836	-	-	-	77,179	-	224,002	-	-
Transfers out	(150,000)	-	(60,000)	(2,369)	(16,870)	(63,022)	-	-	-
Total other financing sources (uses)	<u>(141,028)</u>	<u>-</u>	<u>(60,000)</u>	<u>(2,369)</u>	<u>60,309</u>	<u>(63,022)</u>	<u>224,002</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>395,235</u>	<u>(13,964)</u>	<u>(31,850)</u>	<u>(70,290)</u>	<u>121,384</u>	<u>(73,703)</u>	<u>224,002</u>	<u>1,740</u>	<u>(10,230)</u>
Cash and investments - ending	<u>\$ 523,225</u>	<u>\$ 26,426</u>	<u>\$ 92,805</u>	<u>\$ 460,391</u>	<u>\$ 249,904</u>	<u>\$ 5,563</u>	<u>\$ 349,373</u>	<u>\$ 26,176</u>	<u>\$ 46,428</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Levy Excess	Educational License Plate Fee	Lilly Endowment	Wells County Foundation Grant	Driver's Education	High Ability Grant	Economic Education Mini Grant	Non-English Speaking Program	School Technology
Cash and investments - beginning	\$ 11,318	\$ 498	\$ 600	\$ 44	\$ 14,595	\$ -	\$ 5	\$ 2,490	\$ -
Receipts:									
Local sources	-	-	-	4,310	10,010	-	-	-	-
Intermediate sources	-	113	-	-	-	-	-	-	-
State sources	-	-	-	-	-	27,999	-	-	7,850
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	113	-	4,310	10,010	27,999	-	-	7,850
Disbursements:									
Current:									
Instruction	-	-	-	3,955	12,243	25,999	5	-	-
Support services	-	-	-	-	-	2,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	3,955	12,243	27,999	5	-	-
Excess (deficiency) of receipts over disbursements	-	113	-	355	(2,233)	-	(5)	-	7,850
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(11,318)	-	(600)	-	(3,338)	-	-	-	-
Total other financing sources (uses)	(11,318)	-	(600)	-	(3,338)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,318)	113	(600)	355	(5,571)	-	(5)	-	7,850
Cash and investments - ending	\$ -	\$ 611	\$ -	\$ 399	\$ 9,024	\$ -	\$ -	\$ 2,490	\$ 7,850

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	County School Safety Commission	Title I	Title V Part A FY 2008-2009	Title IV Drug-Free Schools	Vocational and Technical Board Grant	Vocational Moving Forward Grant - LEA	Improving Teaching Quality NCLB	Clearing	Totals
Cash and investments - beginning	\$ 483	\$ -	\$ 1,442	\$ 1,838	\$ -	\$ 10,170	\$ 307	\$ -	\$ 1,281,757
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,367,591
Intermediate sources	-	-	-	-	-	-	-	-	177
State sources	-	-	-	-	-	-	-	-	4,774,399
Federal sources	-	56,835	-	-	9,883	-	-	-	178,452
Other	-	-	-	-	-	-	-	1,043,056	1,044,487
Total receipts	-	56,835	-	-	9,883	-	-	1,043,056	8,365,106
Disbursements:									
Current:									
Instruction	-	56,835	-	1,729	1,049	7,670	89	-	3,242,411
Support services	-	-	-	-	-	-	-	-	2,478,177
Noninstructional services	-	-	-	-	-	-	-	-	401,957
Facilities acquisition and construction	-	-	-	-	-	-	-	-	339,299
Debt services	-	-	-	-	-	-	-	-	330,348
Nonprogrammed charges	-	-	-	-	-	-	-	1,032,074	1,032,074
Total disbursements	-	56,835	-	1,729	1,049	7,670	89	1,032,074	7,824,266
Excess (deficiency) of receipts over disbursements	-	-	-	(1,729)	8,834	(7,670)	(89)	10,982	540,840
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	136
Transfers in	-	-	-	-	-	-	-	-	310,017
Transfers out	-	-	-	-	-	(2,500)	-	-	(310,017)
Total other financing sources (uses)	-	-	-	-	-	(2,500)	-	-	136
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(1,729)	8,834	(10,170)	(89)	10,982	540,976
Cash and investments - ending	\$ 483	\$ -	\$ 1,442	\$ 109	\$ 8,834	\$ -	\$ 218	\$ 10,982	\$ 1,822,733

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Referendum	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 523,225	\$ 26,426	\$ 92,805	\$ 460,391	\$ 249,904	\$ 5,563	\$ 349,373	\$ 26,176	\$ 46,428
Receipts:									
Local sources	34,017	276,194	294,895	634,738	611,353	119,863	-	217,612	54,447
Intermediate sources	34	-	-	-	-	-	-	-	-
State sources	4,873,637	-	-	-	-	-	-	4,601	22,819
Federal sources	-	-	-	-	-	-	-	121,354	-
Other	-	-	-	-	3,041	-	-	-	-
Total receipts	4,907,688	276,194	294,895	634,738	614,394	119,863	-	343,567	77,266
Disbursements:									
Current:									
Instruction	3,129,984	210,497	-	-	-	-	51,204	-	-
Support services	1,367,341	-	-	357,429	526,568	79,050	-	-	84,318
Noninstructional services	109,989	-	-	-	-	-	-	338,834	-
Facilities acquisition and construction	-	-	-	467,318	-	-	-	1,573	-
Debt services	-	-	296,253	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,607,314	210,497	296,253	824,747	526,568	79,050	51,204	340,407	84,318
Excess (deficiency) of receipts over disbursements	300,374	65,697	(1,358)	(190,009)	87,826	40,813	(51,204)	3,160	(7,052)
Other financing sources (uses):									
Transfers in	-	-	-	-	2,692	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,692	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	300,374	65,697	(1,358)	(190,009)	90,518	40,813	(51,204)	3,160	(7,052)
Cash and investments - ending	\$ 823,599	\$ 92,123	\$ 91,447	\$ 270,382	\$ 340,422	\$ 46,376	\$ 298,169	\$ 29,336	\$ 39,376

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Levy Excess	Educational License Plate Fee	Wells County Auxiliary Grant	Wells County Foundation Grant	Driver's Education	CADA Grant	High Ability Grant	Non-English Speaking Program	School Technology
Cash and investments - beginning	\$ -	\$ 611	\$ -	\$ 399	\$ 9,024	\$ -	\$ -	\$ 2,490	\$ 7,850
Receipts:									
Local sources	12,618	-	900	6,299	21,188	-	-	-	-
Intermediate sources	-	113	-	-	-	1,500	-	-	-
State sources	-	-	-	-	-	-	27,363	423	8,220
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	12,618	113	900	6,299	21,188	1,500	27,363	423	8,220
Disbursements:									
Current:									
Instruction	-	-	-	6,586	14,041	-	-	-	-
Support services	-	686	900	63	-	-	-	-	8,700
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	686	900	6,649	14,041	-	-	-	8,700
Excess (deficiency) of receipts over disbursements	12,618	(573)	-	(350)	7,147	1,500	27,363	423	(480)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,692)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(2,692)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,618	(573)	-	(350)	4,455	1,500	27,363	423	(480)
Cash and investments - ending	\$ 12,618	\$ 38	\$ -	\$ 49	\$ 13,479	\$ 1,500	\$ 27,363	\$ 2,913	\$ 7,370

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	County School Safety Commission	Title I	Title V Part A FY 2008-2009	Title IV Drug-Free Schools	Vocational and Technical Board Grant	Improving Teaching Quality NCLB	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ 483	\$ -	\$ 1,442	\$ 109	\$ 8,834	\$ 218	\$ -	\$ 10,982	\$ 1,822,733
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,284,124
Intermediate sources	-	-	-	-	-	-	-	-	1,647
State sources	-	-	-	-	-	-	-	-	4,937,063
Federal sources	-	40,000	-	-	6,500	10,856	149,360	-	328,070
Other	-	-	-	-	-	-	-	1,225,540	1,228,581
Total receipts	-	40,000	-	-	6,500	10,856	149,360	1,225,540	8,779,485
Disbursements:									
Current:									
Instruction	483	40,000	-	109	14,944	25,912	-	-	3,493,760
Support services	-	-	656	-	-	4,775	149,360	-	2,579,846
Noninstructional services	-	-	-	-	-	-	-	-	448,823
Facilities acquisition and construction	-	-	-	-	-	-	-	-	468,891
Debt services	-	-	-	-	-	-	-	-	296,253
Nonprogrammed charges	-	-	-	-	-	-	-	1,234,017	1,234,017
Total disbursements	483	40,000	656	109	14,944	30,687	149,360	1,234,017	8,521,590
Excess (deficiency) of receipts over disbursements	(483)	-	(656)	(109)	(8,444)	(19,831)	-	(8,477)	257,895
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	2,692
Transfers out	-	-	-	-	-	-	-	-	(2,692)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(483)	-	(656)	(109)	(8,444)	(19,831)	-	(8,477)	257,895
Cash and investments - ending	\$ -	\$ -	\$ 786	\$ -	\$ 390	\$ (19,613)	\$ -	\$ 2,505	\$ 2,080,628

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SOUTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES
JUNE 30, 2012

<u>School Corporation</u>	<u>Accounts Payable</u>
Governmental activities	<u>\$ 40,969</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
 SCHEDULE OF DEBT
 JUNE 30, 2012

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Common School Fund Loan	\$ 1,700,000	\$ 266,000
Notes and loans payable	Veteran's Memorial Fund Loan	<u>53,750</u>	<u>22,037</u>
Totals		<u>\$ 1,753,750</u>	<u>\$ 288,037</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 42,500
Buildings	20,916,957
Improvements other than buildings	588,027
Machinery, equipment and vehicles	<u>2,327,281</u>
Total capital assets	<u>\$ 23,874,765</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS

TRANSFERS TO THE RAINY DAY FUND

During the 2010-2011 school year, the School Corporation transferred \$29,002 from the Debt Service Fund and \$15,000 from the Transportation Operating Fund to the Rainy Day Fund. These transfers were made without the authorization of the School Board.

Indiana Code 36-1-8-5 states in part:

"(a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows . . .

(4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECEIPTS (Applies to Southern Wells Elementary School)

Some receipts were written for amounts which could not be verified to bank deposits because the money type designated on the receipts was incorrect. Receipts were either marked all cash or all check regardless of actual money type collected.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PRESCRIBED FORMS (Applies to Southern Wells Elementary School)

The Purchase Order and Accounts Payable Voucher (SA-1) and Claim for Payment (SA-7) were not in use.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SOUTHERN WELLS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2013, with Vicki S. Andrews, Treasurer; James L. Craig, Superintendent of Schools; and Douglas Klefeker, President of the School Board. The officials concurred with our findings.