

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

EXAMINATION REPORT
OF
SOUTHERN WELLS COMMUNITY SCHOOLS
WELLS COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
02/26/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vicki S. Andrews	07-01-06 to 06-30-09
Superintendent of Schools	Neil R. Potter James L. Craig	07-01-06 to 06-30-08 07-02-08 to 06-30-09
President of the School Board	Joe M. Hartley Christopher J. Smith	07-01-06 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

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

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

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

Our examination was conducted for the purpose of forming opinions on the financial schedules that collectively comprise the School Corporation's financial information. 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 information. The Combining Schedules, as listed in the Table of Contents, have been subjected to examination procedures applied in the examination of the financial information and, in our opinion, are fairly stated based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts. The Schedule of Long-Term Debt has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 19, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,537,882	\$ -	\$ 34,455	\$ (3,503,427)
Support services	2,814,324	241,613	79,394	(2,493,317)
Community services	95,562	-	-	(95,562)
Nonprogrammed charges	347,865	-	-	(347,865)
Debt service	365,946	-	-	(365,946)
	<u>\$ 7,161,579</u>	<u>\$ 241,613</u>	<u>\$ 113,849</u>	<u>(6,806,117)</u>
Total governmental activities				
General receipts:				
Property taxes				1,946,832
Other local sources				583,841
State aid				3,195,188
Grants and contributions not restricted to specific programs				72,248
Investment earnings				47,578
				<u>5,845,687</u>
Total general receipts				<u>5,845,687</u>
Change in net assets				(960,430)
Net assets - beginning				<u>1,207,076</u>
Net assets - ending				<u>\$ 246,646</u>
<u>Assets</u>				
Cash and investments				\$ 220,109
Restricted assets:				
Cash and investments				26,537
Total assets				<u>\$ 246,646</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 26,537
Unrestricted				220,109
Total net assets				<u>\$ 246,646</u>

The accompanying notes are an integral part of the financial information.

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>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	\$ 3,483,206	\$ -	\$ 52,109	\$ (3,431,097)
Support services	3,007,981	225,158	86,716	(2,696,107)
Community services	96,389	-	-	(96,389)
Nonprogrammed charges	317,744	-	-	(317,744)
Debt service	329,113	-	-	(329,113)
Total governmental activities	<u>\$ 7,234,433</u>	<u>\$ 225,158</u>	<u>\$ 138,825</u>	<u>(6,870,450)</u>
General receipts:				
Property taxes				2,669,328
Other local sources				470,688
State aid				2,971,022
Bonds and loans				399,990
Grants and contributions not restricted to specific programs				149,912
Sale of property, adjustments, and refunds				6,596
Investment earnings				<u>16,656</u>
Total general receipts				<u>6,684,192</u>
Change in net assets				(186,258)
Net assets - beginning				<u>246,646</u>
Net assets - ending				<u>\$ 60,388</u>
 <u>Assets</u>				
Cash and investments				<u>\$ 60,388</u>
 <u>Net Assets</u>				
Unrestricted				<u>\$ 60,388</u>

The accompanying notes are an integral part of the financial information.

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

	General	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 1,341,409	\$ 368,499	\$ 1,990	\$ 209,686	\$ 61,928	\$ 254,151	\$ 454,373	\$ 115,813	\$ 11,330	\$ 2,819,179
Intermediate sources	405	-	-	-	-	-	-	-	281	686
State sources	3,217,446	-	15,599	5,612	7,688	-	-	-	13,196	3,259,541
Federal sources	-	-	-	66,094	-	-	-	-	55,649	121,743
Interfund loans	167,859	61,286	-	-	-	-	-	-	-	229,145
Total receipts	4,727,119	429,785	17,589	281,392	69,616	254,151	454,373	115,813	80,456	6,430,294
Disbursements:										
Current:										
Instruction	3,473,311	-	-	-	-	-	-	-	64,571	3,537,882
Support services	1,043,775	503,075	-	285,067	64,085	-	910,581	-	7,741	2,814,324
Community services	95,562	-	-	-	-	-	-	-	-	95,562
Nonprogrammed charges	330,677	-	17,188	-	-	-	-	-	-	347,865
Debt services	-	-	-	-	-	365,946	-	-	-	365,946
Interfund loans	-	-	-	-	-	-	167,859	61,286	-	229,145
Total disbursements	4,943,325	503,075	17,188	285,067	64,085	365,946	1,078,440	61,286	72,312	7,390,724
Excess (deficiency) of receipts over disbursements	(216,206)	(73,290)	401	(3,675)	5,531	(111,795)	(624,067)	54,527	8,144	(960,430)
Other financing sources (uses):										
Transfers in	10,869	2,861	29	-	-	81,406	3,516	554	-	99,235
Transfers out	-	-	-	-	-	-	(79,220)	-	(20,015)	(99,235)
Total other financing sources (uses)	10,869	2,861	29	-	-	81,406	(75,704)	554	(20,015)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(205,337)	(70,429)	430	(3,675)	5,531	(30,389)	(699,771)	55,081	(11,871)	(960,430)
Cash and investments - beginning	205,337	70,429	8,121	23,984	30,914	56,926	758,317	9,929	43,119	1,207,076
Cash and investments - ending	\$ -	\$ -	\$ 8,551	\$ 20,309	\$ 36,445	\$ 26,537	\$ 58,546	\$ 65,010	\$ 31,248	\$ 246,646
Cash and Investment Assets - Ending										
Cash and investments	\$ -	\$ -	\$ 8,551	\$ 20,309	\$ 36,445	\$ -	\$ 58,546	\$ 65,010	\$ 31,248	\$ 220,109
Restricted assets:										
Cash and investments	-	-	-	-	-	26,537	-	-	-	26,537
Total cash and investment assets - ending	\$ -	\$ -	\$ 8,551	\$ 20,309	\$ 36,445	\$ 26,537	\$ 58,546	\$ 65,010	\$ 31,248	\$ 246,646
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,537	\$ -	\$ -	\$ -	\$ 26,537
Unrestricted	-	-	8,551	20,309	36,445	-	58,546	65,010	31,248	220,109
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 8,551	\$ 20,309	\$ 36,445	\$ 26,537	\$ 58,546	\$ 65,010	\$ 31,248	\$ 246,646

The accompanying notes are an integral part of the financial information.

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

	General	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 1,678,975	\$ 484,208	\$ 4,096	\$ 199,215	\$ 68,115	\$ 284,812	\$ 522,249	\$ 116,079	\$ 22,730	\$ 3,380,479
Intermediate sources	1,188	-	-	-	-	-	87	-	75	1,350
State sources	2,993,619	-	21,375	5,085	13,658	-	-	-	76,831	3,110,568
Federal sources	-	-	-	67,973	-	-	-	-	81,219	149,192
Bonds and loans	399,990	-	-	-	-	-	-	-	-	399,990
Sale of property, adjustments and refunds	3,016	3,580	-	-	-	-	-	-	-	6,596
Interfund loans	-	100,098	-	-	-	17,764	186,035	95,063	-	398,960
Total receipts	5,076,788	587,886	25,471	272,273	81,773	302,576	708,371	211,142	180,855	7,447,135
Disbursements:										
Current:										
Instruction	3,286,482	-	-	-	-	-	-	-	196,724	3,483,206
Support services	1,139,624	526,600	-	278,474	19,532	-	766,917	276,152	682	3,007,981
Community services	96,389	-	-	-	-	-	-	-	-	96,389
Nonprogrammed charges	295,744	-	22,000	-	-	-	-	-	-	317,744
Debt services	-	-	-	-	-	329,113	-	-	-	329,113
Interfund loans	252,576	61,286	-	-	85,098	-	-	-	-	398,960
Total disbursements	5,070,815	587,886	22,000	278,474	104,630	329,113	766,917	276,152	197,406	7,633,393
Excess (deficiency) of receipts over disbursements	5,973	-	3,471	(6,201)	(22,857)	(26,537)	(58,546)	(65,010)	(16,551)	(186,258)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	19,794	19,794
Transfers out	-	-	-	-	-	-	-	-	(19,794)	(19,794)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,973	-	3,471	(6,201)	(22,857)	(26,537)	(58,546)	(65,010)	(16,551)	(186,258)
Cash and investments - beginning	-	-	8,551	20,309	36,445	26,537	58,546	65,010	31,248	246,646
Cash and investments - ending	\$ 5,973	\$ -	\$ 12,022	\$ 14,108	\$ 13,588	\$ -	\$ -	\$ -	\$ 14,697	\$ 60,388
Cash and Investment Assets - Ending										
Cash and investments	\$ 5,973	\$ -	\$ 12,022	\$ 14,108	\$ 13,588	\$ -	\$ -	\$ -	\$ 14,697	\$ 60,388
Cash and Investment Fund Balance - Ending										
Unrestricted	\$ 5,973	\$ -	\$ 12,022	\$ 14,108	\$ 13,588	\$ -	\$ -	\$ -	\$ 14,697	\$ 60,388

The accompanying notes are an integral part of the financial information.

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

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 12,072
Investment earnings:	
Interest	1,035
Total additions	13,107
Deductions:	
Administrative and general	39,133
Deficiency of total additions over total deductions	(26,026)
Cash and investment fund balance - beginning	33,879
Cash and investment fund balance - ending	\$ 7,853
Net assets:	
Cash and investments	\$ 7,853
Total net assets - cash and investment basis held in trust	\$ 7,853

The accompanying notes are an integral part of the financial information.

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

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>7,879</u>
Deductions:	
Administrative and general	<u>9,958</u>
Deficiency of total additions over total deductions	(2,079)
Cash and investment fund balance - beginning	<u>7,853</u>
Cash and investment fund balance - ending	<u>\$ 5,774</u>
Net assets:	
Cash and investments	<u>\$ 5,774</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,774</u>

The accompanying notes are an integral part of the financial information.

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules 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, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

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

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

The special education preschool fund accounts for federal, state, and local funds received for the operation of the special education preschool program.

The school lunch fund accounts for federal, state and local funds received for the operation of the school lunch and breakfast program.

The textbook rental fund accounts for state and local funds received for the acquisition of textbooks.

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

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

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporation or students.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial schedules 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 schedules.

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

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

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.

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

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

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
Capital Projects Fund	Debt Service Fund	\$ 79,220	\$ -
Other governmental funds	General Fund	10,869	-
Other governmental funds	Transportation Operating Fund	2,861	-
Other governmental funds	Special Education Preschool Fund	29	-
Other governmental funds	Debt Service Fund	2,186	-
Other governmental funds	Capital Projects Fund	3,516	-
Other governmental funds	School Bus Replacement Fund	554	-
Other governmental funds	Other governmental funds	-	19,794
Totals		<u>\$ 99,235</u>	<u>\$ 19,794</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Note 7. Pension Plans

A. 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 this 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 members' 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. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

SOUTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

Funding Policy and Annual Pension 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.

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

	Levy Excess	Educational License Plate Fee	Early Intervention Program	Gifted/Talented Grant FY 2006-2007	Electronic Data Systems Grant	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -
Intermediate sources	-	281	-	-	-	-
State sources	-	-	1,000	11,634	-	562
Federal sources	-	-	-	-	-	-
Total receipts	-	281	1,000	11,634	1,500	562
Disbursements:						
Current:						
Instruction	-	-	1,000	6,248	-	422
Support services	-	351	-	-	-	-
Total disbursements	-	351	1,000	6,248	-	422
Excess (deficiency) of receipts over disbursements	-	(70)	-	5,386	1,500	140
Other financing sources (uses):						
Transfers out	(20,015)	-	-	-	-	-
Total other financing sources (uses)	(20,015)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,015)	(70)	-	5,386	1,500	140
Cash and investments - beginning	20,015	295	-	-	-	302
Cash and investments - ending	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 5,386</u>	<u>\$ 1,500</u>	<u>\$ 442</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 5,386</u>	<u>\$ 1,500</u>	<u>\$ 442</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 5,386</u>	<u>\$ 1,500</u>	<u>\$ 442</u>

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

	School Technology	County School Safety Commission	Title I Federal Grant FY 2006-2007	Title V Part A FY 2006-2007	Serve America	Title IV Drug Free School
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	31,012	1,048	-	2,073
Total receipts	-	-	31,012	1,048	-	2,073
Disbursements:						
Current:						
Instruction	-	-	31,012	-	-	1,801
Support services	2,295	-	-	4,523	-	-
Total disbursements	2,295	-	31,012	4,523	-	1,801
Excess (deficiency) of receipts over disbursements	(2,295)	-	-	(3,475)	-	272
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,295)	-	-	(3,475)	-	272
Cash and investments - beginning	2,295	1,354	-	4,523	3	2,090
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ 3</u>	<u>\$ 2,362</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ 3</u>	<u>\$ 2,362</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ 3</u>	<u>\$ 2,362</u>

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

	Drug Free Schools	Area 18 Grant	Health School Programs	Improving Teacher Quality NCLB	Title II, Part D Improving Teacher Quality	Totals
Receipts:						
Local sources	\$ -	\$ 9,830	\$ -	\$ -	\$ -	\$ 11,330
Intermediate sources	-	-	-	-	-	281
State sources	-	-	-	-	-	13,196
Federal sources	-	-	130	21,386	-	55,649
Total receipts	<u>-</u>	<u>9,830</u>	<u>130</u>	<u>21,386</u>	<u>-</u>	<u>80,456</u>
Disbursements:						
Current:						
Instruction	51	8,960	-	15,077	-	64,571
Support services	-	-	-	-	572	7,741
Total disbursements	<u>51</u>	<u>8,960</u>	<u>-</u>	<u>15,077</u>	<u>572</u>	<u>72,312</u>
Excess (deficiency) of receipts over disbursements	<u>(51)</u>	<u>870</u>	<u>130</u>	<u>6,309</u>	<u>(572)</u>	<u>8,144</u>
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(20,015)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,015)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(51)</u>	<u>870</u>	<u>130</u>	<u>6,309</u>	<u>(572)</u>	<u>(11,871)</u>
Cash and investments - beginning	<u>742</u>	<u>(820)</u>	<u>31</u>	<u>11,035</u>	<u>1,254</u>	<u>43,119</u>
Cash and investments - ending	<u>\$ 691</u>	<u>\$ 50</u>	<u>\$ 161</u>	<u>\$ 17,344</u>	<u>\$ 682</u>	<u>\$ 31,248</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 691</u>	<u>\$ 50</u>	<u>\$ 161</u>	<u>\$ 17,344</u>	<u>\$ 682</u>	<u>\$ 31,248</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 691</u>	<u>\$ 50</u>	<u>\$ 161</u>	<u>\$ 17,344</u>	<u>\$ 682</u>	<u>\$ 31,248</u>

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

	Educational License Plate Fee	Early Intervention Program	Gifted/Talented Grant FY 2007-2008	Gifted/Talented Grant FY 2006-2007	Electronic Data Systems Grant	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	75	-	-	-	-	-
State sources	-	1,000	28,603	-	-	908
Federal sources	-	-	-	-	-	-
Total receipts	75	1,000	28,603	-	-	908
Disbursements:						
Current:						
Instruction	-	1,000	28,603	5,386	1,500	-
Support services	-	-	-	-	-	-
Total disbursements	-	1,000	28,603	5,386	1,500	-
Excess (deficiency) of receipts over disbursements	75	-	-	(5,386)	(1,500)	908
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	-	-	(5,386)	(1,500)	908
Cash and investments - beginning	225	-	-	5,386	1,500	442
Cash and investments - ending	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350</u>

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

	IN Principal Tech Leadership	County School Safety Commission	Title I Federal Grant FY 2007-2008	Title I Federal Grant FY 2006-2007	Title V Part A FY 2007-2008	Title V Part A FY 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	40,000	16,243	998	-
Total receipts	-	-	40,000	16,243	998	-
Disbursements:						
Current:						
Instruction	25	-	56,243	-	-	-
Support services	-	-	-	-	-	-
Total disbursements	25	-	56,243	-	-	-
Excess (deficiency) of receipts over disbursements	(25)	-	(16,243)	16,243	998	-
Other financing sources (uses):						
Transfers in	1,354	-	16,243	-	1,048	-
Transfers out	-	(1,354)	-	(16,243)	-	(1,048)
Total other financing sources (uses)	1,354	(1,354)	16,243	(16,243)	1,048	(1,048)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,329	(1,354)	-	-	2,046	(1,048)
Cash and investments - beginning	-	1,354	-	-	-	1,048
Cash and investments - ending	\$ 1,329	\$ -	\$ -	\$ -	\$ 2,046	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,329	\$ -	\$ -	\$ -	\$ 2,046	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 1,329	\$ -	\$ -	\$ -	\$ 2,046	\$ -

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

	Serve America	Title IV Drug Free School	Drug Free Schools	Area 18 Grant	Vocational Moving Forward Grant	Vocational Moving Forward Grant - LEA
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 22,730	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	12,955	19,871	13,494
Federal sources	-	2,022	-	-	-	-
Total receipts	-	2,022	-	35,685	19,871	13,494
Disbursements:						
Current:						
Instruction	3	2,756	600	33,412	19,871	12,561
Support services	-	-	-	-	-	-
Total disbursements	3	2,756	600	33,412	19,871	12,561
Excess (deficiency) of receipts over disbursements	(3)	(734)	(600)	2,273	-	933
Other financing sources (uses):						
Transfers in	-	91	-	933	-	-
Transfers out	-	-	(91)	-	-	(933)
Total other financing sources (uses)	-	91	(91)	933	-	(933)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3)	(643)	(691)	3,206	-	-
Cash and investments - beginning	3	2,362	691	50	-	-
Cash and investments - ending	\$ -	\$ 1,719	\$ -	\$ 3,256	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 1,719	\$ -	\$ 3,256	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 1,719	\$ -	\$ 3,256	\$ -	\$ -

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

	Vocational Moving Forward Grant - FFA	Health School Programs	Improving Teacher Quality NCLB	Title II, Part D Improving Teacher Quality	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 22,730
Intermediate sources	-	-	-	-	75
State sources	-	-	-	-	76,831
Federal sources	-	-	21,956	-	81,219
Total receipts	-	-	21,956	-	180,855
Disbursements:					
Current:					
Instruction	125	36	34,603	-	196,724
Support services	-	-	-	682	682
Total disbursements	125	36	34,603	682	197,406
Excess (deficiency) of receipts over disbursements	(125)	(36)	(12,647)	(682)	(16,551)
Other financing sources (uses):					
Transfers in	125	-	-	-	19,794
Transfers out	-	(125)	-	-	(19,794)
Total other financing sources (uses)	125	(125)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(161)	(12,647)	(682)	(16,551)
Cash and investments - beginning	-	161	17,344	682	31,248
Cash and investments - ending	\$ -	\$ -	\$ 4,697	\$ -	\$ 14,697
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 4,697	\$ -	\$ 14,697
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ -	\$ -	\$ 4,697	\$ -	\$ 14,697

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Wells County Foundation	Caylor- Nickel Foundation	Donation Franklin Computers	Donation Local Churches TLC	Totals
Additions:					
Contributions:					
Other	\$ 7,472	\$ 4,600	\$ -	\$ -	\$ 12,072
Investment earnings:					
Interest	-	-	-	1,035	1,035
Total additions	<u>7,472</u>	<u>4,600</u>	<u>-</u>	<u>1,035</u>	<u>13,107</u>
Deductions:					
Administrative and general	<u>7,418</u>	<u>4,008</u>	<u>26,672</u>	<u>1,035</u>	<u>39,133</u>
Excess (deficiency) of total additions over total deductions	54	592	(26,672)	-	(26,026)
Cash and investment fund balance - beginning	<u>3,096</u>	<u>345</u>	<u>30,438</u>	<u>-</u>	<u>33,879</u>
Cash and investments - June 30	<u>\$ 3,150</u>	<u>\$ 937</u>	<u>\$ 3,766</u>	<u>\$ -</u>	<u>\$ 7,853</u>
Net assets:					
Cash and investments	<u>\$ 3,150</u>	<u>\$ 937</u>	<u>\$ 3,766</u>	<u>\$ -</u>	<u>\$ 7,853</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,150</u>	<u>\$ 937</u>	<u>\$ 3,766</u>	<u>\$ -</u>	<u>\$ 7,853</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Wells County Auxiliary	Wells County Foundation	Caylor- Nickel Foundation	Donation Franklin Computers	Totals
Additions:					
Contributions:					
Other	\$ 7,878	\$ -	\$ -	\$ -	\$ 7,878
Deductions:					
Administrative and general	2,105	3,150	937	3,766	9,958
Excess (deficiency) of total additions over total deductions	5,773	(3,150)	(937)	(3,766)	(2,080)
Cash and investment fund balance - beginning	-	3,150	937	3,766	7,853
Cash and investments - June 30	<u>\$ 5,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,773</u>
Net assets:					
Cash and investments	\$ 5,773	\$ -	\$ -	\$ -	\$ 5,773
Total net assets - cash and investment basis held in trust	<u>\$ 5,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,773</u>

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

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Loans payable:		
Common School	\$ 2,500,000	\$ 298,000
Veterans Memorial	<u>139,750</u>	<u>22,897</u>
Total governmental activities debt	<u>\$ 2,639,750</u>	<u>\$ 320,897</u>

SOUTHERN WELLS COMMUNITY SCHOOLS
EXAMINATION RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for examination indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2007 and 2008.

The enrollment count dates for school years ending June 30, 2007 and 2008 were September 15, 2006, and September 14, 2007, respectively. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2006-2007	1 Through 12	749	751	2
2007-2008	1 Through 12	747	749	2

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CAPITAL ASSET RECORDS

Capital asset records presented were incomplete and did not reflect accurate asset balances. \$327,922 of constructed and purchased assets were not included in the asset records. Other assets not included from prior years were the construction of the elementary building which was financed through a \$5,000,000 common school loan in 1993, a press box constructed in 2004, and the 2006 elementary roofing project.

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 Assets 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)

SOUTHERN WELLS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 19, 2009, with Vicki S. Andrews, Treasurer; and James L. Craig, Superintendent of Schools.