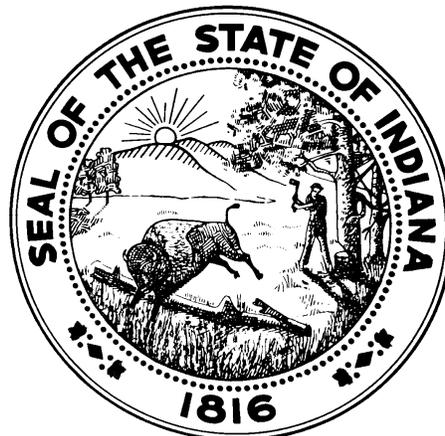


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
WESTERN WAYNE SCHOOLS
WAYNE COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
02/26/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joyce Runyon	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Robert Mahon	07-01-05 to 06-30-08
President of the School Board	Steve Sweet	07-01-05 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Wayne Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, 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, 2006 and 2007, 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 December 15, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

December 12, 2007



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Wayne Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 12, 2007. 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.

This report is intended solely for the information and use of the School Corporation's management, the Western Wayne Board of School Trustees 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

December 12, 2007

WESTERN WAYNE SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,750,266	\$ -	\$ 117,460	\$ (3,632,806)
Support services	4,697,162	295,336	258,666	(4,143,160)
Community services	177,268	-	-	(177,268)
Nonprogrammed charges	411,793	-	-	(411,793)
Debt service	1,382,855	-	-	(1,382,855)
Total governmental activities	\$ 10,419,344	\$ 295,336	\$ 376,126	(9,747,882)
General receipts:				
Property taxes				2,908,437
Other local sources				599,636
State aid				5,711,359
Bonds and loans				249,916
Grants and contributions not restricted to specific programs				329,584
Sale of property, adjustments, and refunds				16,200
Investment earnings				79,957
Total general receipts				9,895,089
Change in net assets				147,207
Net assets - beginning				2,283,142
Net assets - ending				\$ 2,430,349
<u>Assets</u>				
Cash and investments				\$ 1,977,720
Restricted assets:				
Cash and investments				452,629
Total assets				\$ 2,430,349
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 452,629
Unrestricted				1,977,720
Total net assets				\$ 2,430,349

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

WESTERN WAYNE SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,549,927	\$ -	\$ 98,489	\$ (3,451,438)
Support services	4,977,142	310,846	304,348	(4,361,948)
Community services	188,292	-	-	(188,292)
Nonprogrammed charges	542,693	-	-	(542,693)
Debt service	1,282,993	-	-	(1,282,993)
Total governmental activities	\$ 10,541,047	\$ 310,846	\$ 402,837	(9,827,364)
General receipts:				
Property taxes				1,799,625
Other local sources				450,935
State aid				5,700,096
Bonds and loans				140,020
Grants and contributions not restricted to specific programs				293,055
Sale of property, adjustments, and refunds				15,405
Investment earnings				95,774
Total general receipts				8,494,910
Change in net assets				(1,332,454)
Net assets - beginning				2,430,349
Net assets - ending				\$ 1,097,895
<u>Assets</u>				
Cash and investments				\$ 1,019,922
Restricted assets:				
Cash and investments				77,973
Total assets				\$ 1,097,895
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 77,973
Unrestricted				1,019,922
Total net assets				\$ 1,097,895

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

WESTERN WAYNE 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, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,558,487	\$ 241,749	\$ 958,845	\$ 620,866	\$ 91,857	\$ 410,450	\$ 3,882,254
Intermediate sources	344	-	-	-	-	768	1,112
State sources	5,817,963	-	-	-	-	107,835	5,925,798
Federal sources	-	-	-	-	-	491,271	491,271
Bonds and loans	-	-	-	249,916	-	-	249,916
Sale of property, adjustments and refunds	2,175	1,322	-	12,153	-	550	16,200
Total receipts	7,378,969	243,071	958,845	882,935	91,857	1,010,874	10,566,551
Disbursements:							
Current:							
Instruction	3,578,208	-	-	-	-	172,058	3,750,266
Support services	2,872,007	295,060	-	686,050	118,920	725,125	4,697,162
Community services	177,268	-	-	-	-	-	177,268
Nonprogrammed charges	353,920	-	-	-	-	57,873	411,793
Debt services	241,985	6,179	893,212	172,888	-	68,591	1,382,855
Total disbursements	7,223,388	301,239	893,212	858,938	118,920	1,023,647	10,419,344
Excess (deficiency) of receipts over disbursements	155,581	(58,168)	65,633	23,997	(27,063)	(12,773)	147,207
Other financing sources (uses):							
Transfers in	1	46,921	-	-	-	56,141	103,063
Transfers out	(13,110)	(1,983)	(55,743)	(4,805)	(1,202)	(26,220)	(103,063)
Total other financing sources (uses)	(13,109)	44,938	(55,743)	(4,805)	(1,202)	29,921	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	142,472	(13,230)	9,890	19,192	(28,265)	17,148	147,207
Cash and investments - beginning	833,657	120,257	444,390	493,178	68,371	323,289	2,283,142
Cash and investments - ending	\$ 976,129	\$ 107,027	\$ 454,280	\$ 512,370	\$ 40,106	\$ 340,437	\$ 2,430,349
Cash and Investment Assets - Ending							
Cash and investments	\$ 976,129	\$ 107,027	\$ -	\$ 512,370	\$ 40,106	\$ 342,088	\$ 1,977,720
Restricted assets:							
Cash and investments	-	-	454,280	-	-	(1,651)	452,629
Total cash and investment assets - ending	\$ 976,129	\$ 107,027	\$ 454,280	\$ 512,370	\$ 40,106	\$ 340,437	\$ 2,430,349
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 454,280	\$ -	\$ -	\$ (1,651)	\$ 452,629
Unrestricted	976,129	107,027	-	512,370	40,106	342,088	1,977,720
Total cash and investment fund balance - ending	\$ 976,129	\$ 107,027	\$ 454,280	\$ 512,370	\$ 40,106	\$ 340,437	\$ 2,430,349

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,037,858	\$ 167,656	\$ -	\$ 591,097	\$ 445,914	\$ 34,233	\$ 379,366	\$ 2,656,124
Intermediate sources	344	-	-	-	-	-	713	1,057
State sources	5,799,725	-	-	-	-	-	131,210	5,930,935
Federal sources	-	-	-	-	-	-	465,052	465,052
Bonds and loans	-	84,622	-	-	23,812	-	31,586	140,020
Sale of property, adjustments and refunds	14,762	32	-	-	-	-	611	15,405
Total receipts	6,852,689	252,310	-	591,097	469,726	34,233	1,008,538	9,208,593
Disbursements:								
Current:								
Instruction	3,484,966	-	-	-	-	-	64,961	3,549,927
Support services	2,988,352	343,798	-	-	719,323	66,026	859,643	4,977,142
Community services	182,223	-	-	-	-	-	6,069	188,292
Nonprogrammed charges	461,570	-	-	-	-	-	81,123	542,693
Debt services	-	-	-	960,769	249,916	-	72,308	1,282,993
Total disbursements	7,117,111	343,798	-	960,769	969,239	66,026	1,084,104	10,541,047
Deficiency of receipts over disbursements	(264,422)	(91,488)	-	(369,672)	(499,513)	(31,793)	(75,566)	(1,332,454)
Other financing sources (uses):								
Transfers in	30,612	-	200,000	-	-	-	48,636	279,248
Transfers out	(200,000)	-	-	(8,328)	-	-	(70,920)	(279,248)
Total other financing sources (uses)	(169,388)	-	200,000	(8,328)	-	-	(22,284)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(433,810)	(91,488)	200,000	(378,000)	(499,513)	(31,793)	(97,850)	(1,332,454)
Cash and investments - beginning	976,129	107,027	-	454,280	512,370	40,106	340,437	2,430,349
Cash and investments - ending	\$ 542,319	\$ 15,539	\$ 200,000	\$ 76,280	\$ 12,857	\$ 8,313	\$ 242,587	\$ 1,097,895
Cash and Investment Assets - Ending								
Cash and investments	\$ 542,319	\$ 15,539	\$ 200,000	\$ -	\$ 12,857	\$ 8,313	\$ 240,894	\$ 1,019,922
Restricted assets:								
Cash and investments	-	-	-	76,280	-	-	1,693	77,973
Total cash and investment assets - ending	\$ 542,319	\$ 15,539	\$ 200,000	\$ 76,280	\$ 12,857	\$ 8,313	\$ 242,587	\$ 1,097,895
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 76,280	\$ -	\$ -	\$ 1,693	\$ 77,973
Unrestricted	542,319	15,539	200,000	-	12,857	8,313	240,894	1,019,922
Total cash and investment fund balance - ending	\$ 542,319	\$ 15,539	\$ 200,000	\$ 76,280	\$ 12,857	\$ 8,313	\$ 242,587	\$ 1,097,895

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

WESTERN WAYNE SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension Trust Funds
Additions:	
Investment earnings:	
Interest	\$ 7,377
Deductions:	
Benefits	8,509
Deficiency of total additions over total deductions	(1,132)
Cash and investment fund balance - beginning	332,562
Cash and investment fund balance - ending	\$ 331,430
Net assets:	
Cash and investments basis held in trust	\$ 331,430
Total net assets - cash and investment basis held in trust	\$ 331,430

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

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

	Pension Trust Funds
Additions:	
Interest	\$ 12,903
Deductions:	
Benefits	107,858
Deficiency of total additions over total deductions	(94,955)
Cash and investment fund balance - beginning	331,430
Cash and investment fund balance - ending	\$ 236,475
Net assets:	
Cash and investments	\$ 236,475
Total net assets - cash and investment basis held in trust	\$ 236,475

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

WESTERN WAYNE 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's financial reporting entity is composed of the following:

Primary Government : Western Wayne Schools

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

Joint Venture

The School Corporation is a participant with Fayette County School Corporation, Rush County School Corporation, Franklin County School Corporation, Union County School Corporation, and Centerville-Abington School Corporation in a joint venture to operate Connersville Area Vocational School which was created to provide vocational education. The Connersville Area Vocation School's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Connersville Area Vocational School can be obtained from Fayette County School Corporation's Administrative Office at 1401 Spartan Drive, Connersville, IN.

The School Corporation is a participant with Union County School Corporation, Franklin County School Corporation, and Northeastern Wayne School Corporation in a joint venture to operate East Central Special Services District which was created to engage in employment and purchases for the special education cooperative. The East Central Services District's continued existence depends on continued funding by the participants. The School Corporation is obligated for a share of the debts of the East Central Special Services District. Complete financial statements for the East Central Special Services District can be obtained from Union County School Corporation, 107 Layman Street, Liberty, IN 47353.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

The rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

Additionally, the School Corporation reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

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.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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. 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 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.

3. Compensated Absences

a. Sick Leave

Certified personnel are authorized 10 days sick leave per year. Unused sick leave may be accumulated to a maximum of 70 days. Noncertified 12 month employees earn sick leave at the rate of 12 days per year. Unused sick leave may be accumulated to a maximum of 85 days. Accumulated sick leave is not paid to employees.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 50 days. Accumulated vacation leave is not paid to employees.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 5 days per year. Personal leave does not accumulate from year to year.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Rainy Day Fund	\$ -	\$ 200,000
	Other governmental	13,110	-
Debt Service	Transportation	46,921	-
Transportation	Other governmental	1,983	-
Debt Service	Other governmental	8,822	8,328
Capital Projects	Other governmental	4,805	-
Transportation School			
Bus Replacement	Other governmental	1,202	-
Other governmental	General Fund	1	30,612
	Other governmental	25,572	40,308
	Other governmental	647	-
		<u> </u>	<u> </u>
Totals		<u>\$ 103,063</u>	<u>\$ 279,248</u>

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

WESTERN WAYNE 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 (excluding postemployment benefits); and natural disasters.

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

Medical Benefits to Employees and Dependents

During 1996, the School Corporation joined with other governmental entities to form the Greater Randolph County Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for seven member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Subsequent Events

The school corporation has issued tax anticipation warrants of \$1,014,633 from the Indiana Bond Bank due to delays in receiving property tax distributions.

C. Pension Plans

1. 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.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

		PERF
Annual required contribution	\$	89,467
Interest on net pension obligation		(2,662)
Adjustment to annual required contribution		3,034
Annual pension cost		89,839
Contributions made		81,268
Increase in net pension obligation		8,571
Net pension obligation, beginning of year		(36,720)
Net pension obligation, end of year	\$	(28,149)
Contribution rates:		
School Corporation		7.75%
Plan members		3%
Actuarial valuation date		07-01-06
Actuarial cost method		Entry age
Amortization method		Level percentage of projected payroll, closed
Amortization period		40 years
Amortization period (from date)		07-01-97
Asset valuation method		75% of expected actuarial value plus 25% of market value

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 66,058	113%	\$ (40,644)
	06-30-05	80,058	95%	(36,720)
	06-30-06	89,839	90%	(28,149)

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

Teachers' Retirement Fund

Plan Description

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

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

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

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$126,859, \$127,703, and \$117,607, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

WESTERN WAYNE 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)
07-01-04	\$ 883,226	\$ 1,236,569	\$ (353,343)	71%	\$ 1,031,332	(34%)
07-01-05	943,615	1,395,243	(451,628)	68%	1,020,013	(44%)
07-01-06	1,150,647	1,357,769	(207,122)	85%	1,030,588	(20%)

WESTERN WAYNE 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, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention	Reading Recovery
Receipts:							
Local sources	\$ 4,803	\$ 209,368	\$ 87,078	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	768	-	-
State sources	41,569	6,804	15,378	-	-	1,000	-
Federal sources	-	234,243	-	-	-	-	-
Sale of property, adjustments and refunds	-	300	250	-	-	-	-
Total receipts	46,372	450,715	102,706	-	768	1,000	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	1,463	2,018
Support services	-	439,702	117,687	-	-	107	-
Nonprogrammed charges	52,546	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	52,546	439,702	117,687	-	-	1,570	2,018
Excess (deficiency) of receipts over disbursements	(6,174)	11,013	(14,981)	-	768	(570)	(2,018)
Other financing sources (uses):							
Transfers in	-	-	-	30,612	-	-	-
Transfers out	(43)	-	-	-	-	-	-
Total other financing sources (uses)	(43)	-	-	30,612	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,217)	11,013	(14,981)	30,612	768	(570)	(2,018)
Cash and investments - beginning	24,090	88,749	16,041	-	619	1,570	2,018
Cash and investments - ending	<u>\$ 17,873</u>	<u>\$ 99,762</u>	<u>\$ 1,060</u>	<u>\$ 30,612</u>	<u>\$ 1,387</u>	<u>\$ 1,000</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 17,873	\$ 99,762	\$ 1,060	\$ 30,612	\$ 1,387	\$ 1,000	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 17,873	\$ 99,762	\$ 1,060	\$ 30,612	\$ 1,387	\$ 1,000	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,873	99,762	1,060	30,612	1,387	1,000	-
Total cash and investment fund balance - ending	\$ 17,873	\$ 99,762	\$ 1,060	\$ 30,612	\$ 1,387	\$ 1,000	\$ -

WESTERN WAYNE 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, 2006
 (Continued)

	Early Intervention 2005-2006	CAPE III Project	Transportation Trips ECA	Scholarships and Awards	Donations	Gifted/ Talented 2004-2005	Gifted/ Talented 2005-2006
Receipts:							
Local sources	\$ -	\$ 25,050	\$ 12,170	\$ 1,565	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	30,000	-	-	-	-	-	12,320
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	30,000	25,050	12,170	1,565	-	-	12,320
Disbursements:							
Current:							
Instruction	26,535	2,858	-	1,554	-	6,621	6,324
Support services	-	-	11,895	-	22	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	26,535	2,858	11,895	1,554	22	6,621	6,324
Excess (deficiency) of receipts over disbursements	3,465	22,192	275	11	(22)	(6,621)	5,996
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	3,465	22,192	275	11	(22)	(6,621)	5,996
Cash and investments - beginning	-	-	1,129	-	22	7,758	-
Cash and investments - ending	\$ 3,465	\$ 22,192	\$ 1,404	\$ 11	\$ -	\$ 1,137	\$ 5,996
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 3,465	\$ 22,192	\$ 1,404	\$ 11	\$ -	\$ 1,137	\$ 5,996
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 3,465	\$ 22,192	\$ 1,404	\$ 11	\$ -	\$ 1,137	\$ 5,996
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,465	22,192	1,404	11	-	1,137	5,996
Total cash and investment fund balance - ending	\$ 3,465	\$ 22,192	\$ 1,404	\$ 11	\$ -	\$ 1,137	\$ 5,996

WESTERN WAYNE 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, 2006
 (Continued)

	Medicaid Reimbursement	Tech Planning Grant	Tech Planning 2005-2006	Project Aspire	Student Achievement Institute	Peer Helper	ISAI 2004-2005
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	764	-	-	-	-
Federal sources	1,077	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	<u>1,077</u>	<u>-</u>	<u>764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	143	-	-	1,305	54	-	68
Support services	129	-	57,184	-	-	-	-
Nonprogrammed charges	5,327	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>5,599</u>	<u>-</u>	<u>57,184</u>	<u>1,305</u>	<u>54</u>	<u>-</u>	<u>68</u>
Excess (deficiency) of receipts over disbursements	<u>(4,522)</u>	<u>-</u>	<u>(56,420)</u>	<u>(1,305)</u>	<u>(54)</u>	<u>-</u>	<u>(68)</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>(4,522)</u>	<u>-</u>	<u>(56,420)</u>	<u>(1,305)</u>	<u>(54)</u>	<u>-</u>	<u>(68)</u>
Cash and investments - beginning	<u>31,209</u>	<u>18</u>	<u>66,912</u>	<u>1,305</u>	<u>54</u>	<u>1,539</u>	<u>1,398</u>
Cash and investments - ending	<u>\$ 26,687</u>	<u>\$ 18</u>	<u>\$ 10,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539</u>	<u>\$ 1,330</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 26,687	\$ 18	\$ 10,492	\$ -	\$ -	\$ 1,539	\$ 1,330
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 26,687</u>	<u>\$ 18</u>	<u>\$ 10,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539</u>	<u>\$ 1,330</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>26,687</u>	<u>18</u>	<u>10,492</u>	<u>-</u>	<u>-</u>	<u>1,539</u>	<u>1,330</u>
Total cash and investment fund balance - ending	<u>\$ 26,687</u>	<u>\$ 18</u>	<u>\$ 10,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539</u>	<u>\$ 1,330</u>

WESTERN WAYNE 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, 2006
 (Continued)

	Title I 2005-2006	Title I	Title I 2004-2005	Title I School Improvement	Title VI Innovative Education 2002-2007	Title VI Innovative Education 2000-2002
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	135,429	34,068	15,000	-	10,296	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>135,429</u>	<u>34,068</u>	<u>15,000</u>	<u>-</u>	<u>10,296</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	91,976	5,775	-	10,977	6,210	-
Support services	30,089	10,101	825	-	2,047	25
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>122,065</u>	<u>15,876</u>	<u>825</u>	<u>10,977</u>	<u>8,257</u>	<u>25</u>
Excess (deficiency) of receipts over disbursements	<u>13,364</u>	<u>18,192</u>	<u>14,175</u>	<u>(10,977)</u>	<u>2,039</u>	<u>(25)</u>
Other financing sources (uses):						
Transfers in	9,832	-	-	-	-	-
Transfers out	-	-	(9,832)	-	-	-
Total other financing sources (uses)	<u>9,832</u>	<u>-</u>	<u>(9,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>23,196</u>	<u>18,192</u>	<u>4,343</u>	<u>(10,977)</u>	<u>2,039</u>	<u>(25)</u>
Cash and investments - beginning	<u>(3,884)</u>	<u>-</u>	<u>(4,343)</u>	<u>10,977</u>	<u>-</u>	<u>37</u>
Cash and investments - ending	<u>\$ 19,312</u>	<u>\$ 18,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,039</u>	<u>\$ 12</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 19,312	\$ 18,192	\$ -	\$ -	\$ 2,039	\$ 12
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 19,312</u>	<u>\$ 18,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,039</u>	<u>\$ 12</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	19,312	18,192	-	-	2,039	12
Total cash and investment fund balance - ending	<u>\$ 19,312</u>	<u>\$ 18,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,039</u>	<u>\$ 12</u>

WESTERN WAYNE 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, 2006
 (Continued)

	Drug Free Schools 2005-2006	Drug Free Schools 2004-2005	Drug Free Schools 2003-2004	High Schools That Work	STW Sustainability Grant	School Technology Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	5,764	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	5,764	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	421	59	-
Support services	753	5,312	20,917	-	-	25,229
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	753	5,312	20,917	421	59	25,229
Excess (deficiency) of receipts over disbursements	5,011	(5,312)	(20,917)	(421)	(59)	(25,229)
Other financing sources (uses):						
Transfers in	15,697	-	-	-	-	-
Transfers out	-	(1)	-	-	-	-
Total other financing sources (uses)	15,697	(1)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,708	(5,313)	(20,917)	(421)	(59)	(25,229)
Cash and investments - beginning	-	5,313	22,472	1,911	59	36,604
Cash and investments - ending	\$ 20,708	\$ -	\$ 1,555	\$ 1,490	\$ -	\$ 11,375
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 20,708	\$ -	\$ 1,555	\$ 1,490	\$ -	\$ 11,375
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 20,708	\$ -	\$ 1,555	\$ 1,490	\$ -	\$ 11,375
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,708	-	1,555	1,490	-	11,375
Total cash and investment fund balance - ending	\$ 20,708	\$ -	\$ 1,555	\$ 1,490	\$ -	\$ 11,375

WESTERN WAYNE 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, 2006
 (Continued)

	Improving Teacher Quality 2005-2006	Enhancing Education Through Technology FY 2005	Enhancing Education Through Technology FY 2003	Enhancing Education Through Technology FY 2004	Retirement Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 70,416	\$ 410,450
Intermediate sources	-	-	-	-	-	768
State sources	-	-	-	-	-	107,835
Federal sources	52,322	3,072	-	-	-	491,271
Sale of property, adjustments and refunds	-	-	-	-	-	550
Total receipts	52,322	3,072	-	-	70,416	1,010,874
Disbursements:						
Current:						
Instruction	7,697	-	-	-	-	172,058
Support services	445	2,288	368	-	-	725,125
Nonprogrammed charges	-	-	-	-	-	57,873
Debt services	-	-	-	-	68,591	68,591
Total disbursements	8,142	2,288	368	-	68,591	1,023,647
Excess (deficiency) of receipts over disbursements	44,180	784	(368)	-	1,825	(12,773)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	56,141
Transfers out	(15,697)	-	-	-	(647)	(26,220)
Total other financing sources (uses)	(15,697)	-	-	-	(647)	29,921
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,483	784	(368)	-	1,178	17,148
Cash and investments - beginning	8,142	-	368	4,031	(2,829)	323,289
Cash and investments - ending	\$ 36,625	\$ 784	\$ -	\$ 4,031	\$ (1,651)	\$ 340,437
Cash and Investment Assets - Ending						
Cash and investments	\$ 36,625	\$ 784	\$ -	\$ 4,031	\$ -	\$ 342,088
Restricted assets:						
Cash and investments	-	-	-	-	(1,651)	(1,651)
Total cash and investment assets - ending	\$ 36,625	\$ 784	\$ -	\$ 4,031	\$ (1,651)	\$ 340,437
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (1,651)	\$ (1,651)
Unrestricted	36,625	784	-	4,031	-	342,088
Total cash and investment fund balance - ending	\$ 36,625	\$ 784	\$ -	\$ 4,031	\$ (1,651)	\$ 340,437

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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention	Early Intervention 2005-2006
Receipts:							
Local sources	\$ 2,690	\$ 223,000	\$ 88,829	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	713	-	-
State sources	53,085	6,627	16,559	-	-	8,500	-
Federal sources	-	233,882	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	361	250	-	-	-	-
Total receipts	55,775	463,870	105,638	-	713	8,500	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	3,465
Support services	-	485,918	113,711	-	-	8,500	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	64,666	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	64,666	485,918	113,711	-	-	8,500	3,465
Excess (deficiency) of receipts over disbursements	(8,891)	(22,048)	(8,073)	-	713	-	(3,465)
Other financing sources (uses):							
Transfers in	-	-	8,328	-	-	-	-
Transfers out	-	-	-	(30,612)	-	-	-
Total other financing sources (uses)	-	-	8,328	(30,612)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,891)	(22,048)	255	(30,612)	713	-	(3,465)
Cash and investments - beginning	17,873	99,762	1,060	30,612	1,387	1,000	3,465
Cash and investments - ending	\$ 8,982	\$ 77,714	\$ 1,315	\$ -	\$ 2,100	\$ 1,000	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 8,982	\$ 77,714	\$ 1,315	\$ -	\$ 2,100	\$ 1,000	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 8,982	\$ 77,714	\$ 1,315	\$ -	\$ 2,100	\$ 1,000	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,982	77,714	1,315	-	2,100	1,000	-
Total cash and investment fund balance - ending	\$ 8,982	\$ 77,714	\$ 1,315	\$ -	\$ 2,100	\$ 1,000	\$ -

WESTERN WAYNE 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)

	CAPE III Project	Transportation Trips ECA	Scholarships and Awards	Gifted/ Talented 2006-2007	Gifted/ Talented 2004-2005	Gifted/ Talented 2005-2006	Medicaid Reimbursement
Receipts:							
Local sources	\$ 3,950	\$ 13,331	\$ 3,500	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	12,320	-	-	34,060
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	3,950	13,331	3,500	12,320	-	-	34,060
Disbursements:							
Current:							
Instruction	23,387	-	-	4,853	1,137	5,861	12,950
Support services	-	14,543	-	-	-	-	459
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	16,457
Debt services	-	-	-	-	-	-	-
Total disbursements	23,387	14,543	-	4,853	1,137	5,861	29,866
Excess (deficiency) of receipts over disbursements	(19,437)	(1,212)	3,500	7,467	(1,137)	(5,861)	4,194
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	(19,437)	(1,212)	3,500	7,467	(1,137)	(5,861)	4,194
Cash and investments - beginning	22,192	1,404	11	-	1,137	5,996	26,687
Cash and investments - ending	\$ 2,755	\$ 192	\$ 3,511	\$ 7,467	\$ -	\$ 135	\$ 30,881
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,755	\$ 192	\$ 3,511	\$ 7,467	\$ -	\$ 135	\$ 30,881
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,755	\$ 192	\$ 3,511	\$ 7,467	\$ -	\$ 135	\$ 30,881
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,755	192	3,511	7,467	-	135	30,881
Total cash and investment fund balance - ending	\$ 2,755	\$ 192	\$ 3,511	\$ 7,467	\$ -	\$ 135	\$ 30,881

WESTERN WAYNE 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 Fund	Tech Planning Grant	Tech Planning 2005-2006	Peer Helper	ISAI 2004-2005	Title I 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	59	-	-	-	-	-
Federal sources	-	-	-	-	-	11,400
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	59	-	-	-	-	11,400
Disbursements:						
Current:						
Instruction	-	-	-	1,200	237	-
Support services	-	-	10,492	-	-	4,004
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	10,492	1,200	237	4,004
Excess (deficiency) of receipts over disbursements	59	-	(10,492)	(1,200)	(237)	7,396
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(26,708)
Total other financing sources (uses)	-	-	-	-	-	(26,708)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59	-	(10,492)	(1,200)	(237)	(19,312)
Cash and investments - beginning	-	18	10,492	1,539	1,330	19,312
Cash and investments - ending	\$ 59	\$ 18	\$ -	\$ 339	\$ 1,093	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 59	\$ 18	\$ -	\$ 339	\$ 1,093	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 59	\$ 18	\$ -	\$ 339	\$ 1,093	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	59	18	-	339	1,093	-
Total cash and investment fund balance - ending	\$ 59	\$ 18	\$ -	\$ 339	\$ 1,093	\$ -

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

	Title I	Title I 2006-2007	School Improvement 2006-2007	Title I School Improvement 2007-2008	Title VI Innovative Education 2002-2007	Title VI Innovative Education 2000-2002
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,133	127,813	20,279	9,600	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	4,133	127,813	20,279	9,600	-	-
Disbursements:						
Current:						
Instruction	5,816	3,324	1,381	-	-	-
Support services	10,001	151,632	1,919	-	2,039	12
Community services	5,524	-	545	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	21,341	154,956	3,845	-	2,039	12
Excess (deficiency) of receipts over disbursements	(17,208)	(27,143)	16,434	9,600	(2,039)	(12)
Other financing sources (uses):						
Transfers in	-	26,708	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	26,708	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,208)	(435)	16,434	9,600	(2,039)	(12)
Cash and investments - beginning	18,192	-	-	-	2,039	12
Cash and investments - ending	\$ 984	\$ (435)	\$ 16,434	\$ 9,600	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 984	\$ (435)	\$ 16,434	\$ 9,600	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 984	\$ (435)	\$ 16,434	\$ 9,600	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	984	(435)	16,434	9,600	-	-
Total cash and investment fund balance - ending	\$ 984	\$ (435)	\$ 16,434	\$ 9,600	\$ -	\$ -

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

	Title VI Innovative Education 2006-2007	Drug Free Schools 2005-2006	Drug Free Schools 2003-2004	Drug Free Schools 2006-2007	High Schools That Work	Improving Teacher Quality 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,939	-	-	4,250	-	51,756
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>1,939</u>	<u>-</u>	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>51,756</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	1,350	-
Support services	-	17,392	1,555	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>17,392</u>	<u>1,555</u>	<u>-</u>	<u>1,350</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,939</u>	<u>(17,392)</u>	<u>(1,555)</u>	<u>4,250</u>	<u>(1,350)</u>	<u>51,756</u>
Other financing sources (uses):						
Transfers in	-	-	-	13,600	-	-
Transfers out	-	-	-	-	-	(13,600)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>-</u>	<u>(13,600)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,939</u>	<u>(17,392)</u>	<u>(1,555)</u>	<u>17,850</u>	<u>(1,350)</u>	<u>38,156</u>
Cash and investments - beginning	<u>-</u>	<u>20,708</u>	<u>1,555</u>	<u>-</u>	<u>1,490</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,939</u>	<u>\$ 3,316</u>	<u>\$ -</u>	<u>\$ 17,850</u>	<u>\$ 140</u>	<u>\$ 38,156</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,939	\$ 3,316	\$ -	\$ 17,850	\$ 140	\$ 38,156
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,939</u>	<u>\$ 3,316</u>	<u>\$ -</u>	<u>\$ 17,850</u>	<u>\$ 140</u>	<u>\$ 38,156</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1,939</u>	<u>3,316</u>	<u>-</u>	<u>17,850</u>	<u>140</u>	<u>38,156</u>
Total cash and investment fund balance - ending	<u>\$ 1,939</u>	<u>\$ 3,316</u>	<u>\$ -</u>	<u>\$ 17,850</u>	<u>\$ 140</u>	<u>\$ 38,156</u>

WESTERN WAYNE 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 Grant	Improving Teacher Quality 2005-2006	Enhancing Education Through Technology FY 2005	Enhancing Education Through Technology FY 2004	Retirement Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 44,066	\$ 379,366
Intermediate sources	-	-	-	-	-	713
State sources	-	-	-	-	-	131,210
Federal sources	-	-	-	-	-	465,052
Bonds and loans	-	-	-	-	31,586	31,586
Sale of property, adjustments and refunds	-	-	-	-	-	611
Total receipts	-	-	-	-	75,652	1,008,538
Disbursements:						
Current:						
Instruction	-	-	-	-	-	64,961
Support services	11,375	21,325	735	4,031	-	859,643
Community services	-	-	-	-	-	6,069
Nonprogrammed charges	-	-	-	-	-	81,123
Debt services	-	-	-	-	72,308	72,308
Total disbursements	11,375	21,325	735	4,031	72,308	1,084,104
Excess (deficiency) of receipts over disbursements	(11,375)	(21,325)	(735)	(4,031)	3,344	(75,566)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	48,636
Transfers out	-	-	-	-	-	(70,920)
Total other financing sources (uses)	-	-	-	-	-	(22,284)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,375)	(21,325)	(735)	(4,031)	3,344	(97,850)
Cash and investments - beginning	11,375	36,625	784	4,031	(1,651)	340,437
Cash and investments - ending	\$ -	\$ 15,300	\$ 49	\$ -	\$ 1,693	\$ 242,587
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 15,300	\$ 49	\$ -	\$ -	\$ 240,894
Restricted assets:						
Cash and investments	-	-	-	-	1,693	1,693
Total cash and investment assets - ending	\$ -	\$ 15,300	\$ 49	\$ -	\$ 1,693	\$ 242,587
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,693	\$ 1,693
Unrestricted	-	15,300	49	-	-	240,894
Total cash and investment fund balance - ending	\$ -	\$ 15,300	\$ 49	\$ -	\$ 1,693	\$ 242,587

WESTERN WAYNE SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 373,062
Buildings	16,247,379
Improvements other than buildings	1,281,804
Machinery and equipment	<u>2,459,195</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 20,361,440</u>

WESTERN WAYNE SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2007

The School has entered into the following debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 6,021,568	\$ 641,331
Bonds payable:		
General obligation bonds:		
Retirement/Pension	<u>625,000</u>	<u>40,000</u>
Total governmental activities long-term debt	<u>\$ 6,646,568</u>	<u>\$ 681,331</u>

WESTERN WAYNE SCHOOLS
AUDIT RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates academic honors diploma figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2006 and 2007.

The difference between the count reported on the Form 30A and the verified figures are shown below:

<u>Graduation Year</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Honors Diplomas</u>	<u>Difference</u>
2005	21	20	1
2006	17	16	1

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)

PROGRAM RECEIPTS - LATCHKEY

The prescribed receipt Form 517, was not used by the Latchkey program. Additionally, receipts from January 18, 2006 to August 10, 2006, were not presented for audit.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines for Schools, Chapter 9)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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 WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

Compliance

We have audited the compliance of the Western Wayne 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, 2006 and 2007. 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 non-compliance 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, 2006 and 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2007-1.

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

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, the Western Wayne Board of School Trustees, 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

December 12, 2007

WESTERN WAYNE SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
National School Breakfast Program				
	10.555			
		FY 05-06	\$ 44,825	\$ -
		FY 06-07	-	49,306
Total for program			<u>44,825</u>	<u>49,306</u>
National School Lunch Program				
		FY 05-06	183,791	-
		FY 06-07	-	205,180
Total for program			<u>183,791</u>	<u>205,180</u>
Total for cluster			<u>228,616</u>	<u>254,486</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		05-8355	825	-
		06-8355	122,065	4,004
		07-8355	-	155,111
		05-8355	8,054	-
		06-8355	16,927	20,290
		07-8355	-	18,364
Total for program			<u>147,871</u>	<u>197,769</u>
Safe and Drug Free Schools and Communities				
	84.186			
		03-137	5,313	-
		04-203	20,917	1,555
		05-097	753	17,392
Total for program			<u>26,983</u>	<u>18,947</u>
State Grants for Innovative Programs				
	84.298			
		04-292	6,210	-
		05-052	2,099	1,987
Total for program			<u>8,309</u>	<u>1,987</u>
Education Technology State Grants				
	84.318			
		SY2003-04	368	-
		SY2004-05	-	4,031
		SY2005-06	2,288	735
Total for program			<u>2,656</u>	<u>4,766</u>
Improving Teacher Quality State Grants				
	84.367			
		03-248	3,169	-
		04-157	30,026	6,578
		05-087	-	21,325
Total for program			<u>33,195</u>	<u>27,903</u>
Total for federal grantor agency			<u>219,014</u>	<u>251,372</u>
Total federal awards expended			<u>\$ 447,630</u>	<u>\$ 505,858</u>

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

WESTERN WAYNE 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 the Western Wayne Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
School Breakfast Program	10.553	\$ 3,170	\$ 4,023
National School Lunch Program	10.555	12,876	16,753

WESTERN WAYNE 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
Reportable conditions 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
Reportable conditions identified that are not considered to be material weaknesses?	yes

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

WESTERN WAYNE SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, TITLE I - CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-Through Entity: Indiana Department of Education

Western Wayne Schools has not implemented adequate internal controls to minimize the time elapsing between the transfer of funds and disbursement. We determined through discussions held with Western Wayne School personnel, that the drawdown amount included in the Title I application as the total grant amount equally distributed each month from October through July. Eleven of the twenty-four months reviewed had material surplus cash balances at the end of the month.

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

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that Western Wayne Schools attempt to match their budgeted expenditures with the drawdown requests included in the Title I application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

WESTERN WAYNE SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

DR. ROBERT MAHON
Superintendent



JOYCE RUNYON
Treasurer

PEGGY HUESMAN
Deputy Treasurer-Payroll

WESTERN WAYNE SCHOOLS

December 12, 2007

Finding No. 2007-1, Title I – Cash Management

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-Through Entity: Indiana Department of Education

The cited Title I surplus cash balance for Western Wayne Schools can be directly attributed to federal regulations mandating set-asides for supplemental educational services. In our case the anticipated supplemental services never materialized thus causing this surplus cash situation. In addition to the surplus caused by supplemental services Western Wayne Elementary School was in the process of re-writing the school improvement plan. Funds were budgeted to help support this effort in the area of supplies, equipment, and parent involvement. A comprehensive needs assessment was needed to clearly define what was needed to support our efforts. Completing the comprehensive needs assessment took time and this created a surplus of cash.

For the 2007-08 plan and future Title I projects, Western Wayne Schools' Title I administrator will make advanced cash requests to avoid this problem. This may result in an occasional deficit balance of such funds. Needs assessments will be completed before the budget is created in the future to prevent a delay in cash requests.

A handwritten signature in cursive script that reads "Renee Ahrens".

Renee Ahrens, Principal and Title I Director
Western Wayne Elementary School

WESTERN WAYNE SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2007, with Dr. Robert Mahon, Superintendent of Schools; Joyce Runyon, Treasurer; and Steve Sweet, President of the School Board. The officials concurred with our audit findings.