

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

AUDIT REPORT  
OF  
WAWASEE COMMUNITY SCHOOL CORPORATION  
KOSCIUSKO COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**  
02/29/2008



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds .....	9-10
Proprietary Fund:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Proprietary Fund .....	11-12
Fiduciary Funds:	
Statement of Additions, Deductions and Changes in Cash and Investment Balances - Fiduciary Funds .....	13-14
Notes to Financial Statements .....	15-26
Required Supplementary Information:	
Schedule of Funding Progress .....	27
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds .....	28-35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Pension Trust Funds .....	36-37
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Private-Purpose Trust Funds .....	38-39
Schedule of Capital Assets .....	40
Schedule of Debt .....	41
Audit Results and Comments:	
Timely Recordkeeping .....	42
Advance Payments .....	43
Supplemental Audit of Federal Awards:	
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 .....	46-47
Schedule of Expenditures of Federal Awards .....	48
Notes to Schedule of Expenditures of Federal Awards .....	49
Schedule of Findings and Questioned Costs .....	50
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	51
Exit Conference .....	52

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jim Evans	07-01-05 to 06-30-09
Superintendent of Schools	Dr. Mark Stock Richard Kline	07-01-05 to 07-13-07 07-14-07 to 12-31-07
President of the School Board	Dallas Winchester	01-01-05 to 12-31-07



**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](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF THE WAWASEE COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wawasee Community School Corporation (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 5, 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 the Management Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets and Schedule of Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 5, 2007



**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](http://www.in.gov/sboa)

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 WAWASEE COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wawasee Community School Corporation (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 5, 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 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 5, 2007

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
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	\$ 11,076,133	\$ -	\$ 109,435	\$ (10,966,698)
Support services	14,972,792	876,061	461,212	(13,635,519)
Community services	363,874	-	-	(363,874)
Nonprogrammed charges	3,422,402	-	-	(3,422,402)
Debt service	8,161,346	-	-	(8,161,346)
Total governmental activities	\$ 37,996,547	\$ 876,061	\$ 570,647	(36,549,839)
General receipts:				
Property taxes				17,924,260
Other local sources				6,108,652
State aid				8,612,638
Bonds and loans				3,429,574
Grants and contributions not restricted to specific programs				1,379,201
Sale of property, adjustments, and refunds				52,526
Investment earnings				608,507
Total general receipts				38,115,358
Change in net assets				1,565,519
Net assets - beginning				16,610,513
Net assets - ending				\$ 18,176,032
<u>Assets</u>				
Cash and investments				\$ 12,888,481
Restricted assets:				
Cash and investments				5,287,551
Total assets				\$ 18,176,032
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,667,280
Other purposes				2,620,271
Unrestricted				12,888,481
Total net assets				\$ 18,176,032

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Totals
		Charges for Services	Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 11,274,159	\$ -	\$ 106,624	\$ (11,167,535)
Support services	15,877,246	868,717	475,365	(14,533,164)
Community services	365,980	-	-	(365,980)
Nonprogrammed charges	2,460,883	-	-	(2,460,883)
Debt service	8,377,143	-	-	(8,377,143)
Total governmental activities	\$ 38,355,411	\$ 868,717	\$ 581,989	(36,904,705)
General receipts:				
Property taxes				11,681,141
Other local sources				6,590,929
State aid				8,081,934
Bonds and loans				8,547,680
Grants and contributions not restricted to specific programs				1,463,363
Sale of property, adjustments, and refunds				76,195
Investment earnings				808,522
Total general receipts				37,249,764
Change in net assets				345,059
Net assets - beginning				18,176,032
Net assets - ending				\$ 18,521,091
<u>Assets</u>				
Cash and investments				\$ 12,267,776
Restricted assets:				
Cash and investments				6,253,315
Total assets				\$ 18,521,091
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,522,786
Other purposes				4,730,529
Unrestricted				12,267,776
Total net assets				\$ 18,521,091

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
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	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 11,394,796	\$ 1,635,556	\$ -	\$ 3,739,118	\$ 2,792,372	\$ 196,265	\$ 1,878,535	\$ 21,636,642
Intermediate sources	190	-	-	-	-	-	1,069	1,259
State sources	8,720,143	-	-	-	-	-	308,298	9,028,441
Federal sources	-	-	-	-	-	-	1,534,045	1,534,045
Bonds and loans	3,028,774	400,800	-	-	-	-	-	3,429,574
Sale of property, adjustments and refunds	15,445	3,457	-	-	30,874	-	2,750	52,526
<b>Total receipts</b>	<b>23,159,348</b>	<b>2,039,813</b>	<b>-</b>	<b>3,739,118</b>	<b>2,823,246</b>	<b>196,265</b>	<b>3,724,697</b>	<b>35,682,487</b>
<b>Disbursements:</b>								
Instruction	10,148,317	-	-	-	-	-	927,816	11,076,133
Support services	8,996,095	1,536,849	-	-	2,307,327	312,022	1,820,499	14,972,792
Community services	363,874	-	-	-	-	-	-	363,874
Nonprogrammed charges	31,493	-	-	-	-	-	4,544	36,037
Debt services	3,128,815	529,252	-	3,247,606	4,098	-	1,251,575	8,161,346
<b>Total disbursements</b>	<b>22,668,594</b>	<b>2,066,101</b>	<b>-</b>	<b>3,247,606</b>	<b>2,311,425</b>	<b>312,022</b>	<b>4,004,434</b>	<b>34,610,182</b>
Excess (deficiency) of receipts over disbursements	490,754	(26,288)	-	491,512	511,821	(115,757)	(279,737)	1,072,305
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	137,782	137,782
Transfers out	(72,626)	(11,377)	-	(25,042)	(17,012)	(2,075)	(9,650)	(137,782)
<b>Total other financing sources (uses)</b>	<b>(72,626)</b>	<b>(11,377)</b>	<b>-</b>	<b>(25,042)</b>	<b>(17,012)</b>	<b>(2,075)</b>	<b>128,132</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	418,128	(37,665)	-	466,470	494,809	(117,832)	(151,605)	1,072,305
Cash and investments - beginning	6,084,805	1,164,226	2,000,000	1,900,371	1,649,643	307,785	1,376,626	14,483,456
Cash and investments - ending	\$ 6,502,933	\$ 1,126,561	\$ 2,000,000	\$ 2,366,841	\$ 2,144,452	\$ 189,953	\$ 1,225,021	15,555,761
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								2,620,271
Net assets of governmental activities								<u>\$ 18,176,032</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 6,502,933	\$ 1,126,561	\$ 2,000,000	\$ -	\$ 2,144,452	\$ 189,953	\$ 924,582	\$ 12,888,481
Restricted assets:								
Cash and investments	-	-	-	2,366,841	-	-	300,439	2,667,280
<b>Total cash and investment assets - ending</b>	<b>\$ 6,502,933</b>	<b>\$ 1,126,561</b>	<b>\$ 2,000,000</b>	<b>\$ 2,366,841</b>	<b>\$ 2,144,452</b>	<b>\$ 189,953</b>	<b>\$ 1,225,021</b>	<b>\$ 15,555,761</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for debt service	\$ -	\$ -	\$ -	\$ 2,366,841	\$ -	\$ -	\$ 300,439	\$ 2,667,280
Unrestricted	6,502,933	1,126,561	2,000,000	-	2,144,452	189,953	924,582	12,888,481
<b>Total cash and investment fund balance - ending</b>	<b>\$ 6,502,933</b>	<b>\$ 1,126,561</b>	<b>\$ 2,000,000</b>	<b>\$ 2,366,841</b>	<b>\$ 2,144,452</b>	<b>\$ 189,953</b>	<b>\$ 1,225,021</b>	<b>\$ 15,555,761</b>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
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
<b>Receipts:</b>								
Local sources	\$ 8,290,494	\$ 1,108,191	\$ -	\$ 2,359,640	\$ 2,213,726	\$ 122,412	\$ 1,307,875	\$ 15,402,338
Intermediate sources	190	-	-	-	-	-	1,369	1,559
State sources	8,187,103	-	-	-	-	-	354,497	8,541,600
Federal sources	-	-	-	-	1,847	-	1,583,839	1,585,686
Bonds and loans	7,398,059	518,981	-	319,505	-	-	311,135	8,547,680
Sale of property, adjustments and refunds	14,334	4,100	-	-	41,746	16,015	-	76,195
<b>Total receipts</b>	<b>23,890,180</b>	<b>1,631,272</b>	<b>-</b>	<b>2,679,145</b>	<b>2,257,319</b>	<b>138,427</b>	<b>3,558,715</b>	<b>34,155,058</b>
<b>Disbursements:</b>								
Instruction	10,390,338	-	-	-	-	-	883,821	11,274,159
Support services	9,396,848	1,627,140	-	-	2,590,765	344,851	1,917,642	15,877,246
Community services	365,499	-	-	-	-	-	481	365,980
Nonprogrammed charges	25,529	-	-	-	-	-	200	25,729
Debt services	3,386,058	400,800	-	3,985,950	-	-	604,335	8,377,143
<b>Total disbursements</b>	<b>23,564,272</b>	<b>2,027,940</b>	<b>-</b>	<b>3,985,950</b>	<b>2,590,765</b>	<b>344,851</b>	<b>3,406,479</b>	<b>35,920,257</b>
Excess (deficiency) of receipts over disbursements	325,908	(396,668)	-	(1,306,805)	(333,446)	(206,424)	152,236	(1,765,199)
<b>Other financing sources (uses):</b>								
Transfers in	72,626	11,377	-	25,042	17,012	2,075	9,650	137,782
Transfers out	-	-	-	-	-	-	(137,782)	(137,782)
<b>Total other financing sources (uses)</b>	<b>72,626</b>	<b>11,377</b>	<b>-</b>	<b>25,042</b>	<b>17,012</b>	<b>2,075</b>	<b>(128,132)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	398,534	(385,291)	-	(1,281,763)	(316,434)	(204,349)	24,104	(1,765,199)
Cash and investments - beginning	6,502,933	1,126,561	2,000,000	2,366,841	2,144,452	189,953	1,225,021	15,555,761
Cash and investments - ending	<u>\$ 6,901,467</u>	<u>\$ 741,270</u>	<u>\$ 2,000,000</u>	<u>\$ 1,085,078</u>	<u>\$ 1,828,018</u>	<u>\$ (14,396)</u>	<u>\$ 1,249,125</u>	13,790,562
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								4,730,529
Net assets of governmental activities								<u>\$ 18,521,091</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 6,901,467	\$ 741,270	\$ 2,000,000	\$ -	\$ 1,828,018	\$ (14,396)	\$ 811,417	\$ 12,267,776
Restricted assets:								
Cash and investments	-	-	-	1,085,078	-	-	437,708	1,522,786
<b>Total cash and investment assets - ending</b>	<u>\$ 6,901,467</u>	<u>\$ 741,270</u>	<u>\$ 2,000,000</u>	<u>\$ 1,085,078</u>	<u>\$ 1,828,018</u>	<u>\$ (14,396)</u>	<u>\$ 1,249,125</u>	<u>\$ 13,790,562</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for debt service	\$ -	\$ -	\$ -	\$ 1,085,078	\$ -	\$ -	\$ 437,708	\$ 1,522,786
Unrestricted	6,901,467	741,270	2,000,000	-	1,828,018	(14,396)	811,417	12,267,776
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,901,467</u>	<u>\$ 741,270</u>	<u>\$ 2,000,000</u>	<u>\$ 1,085,078</u>	<u>\$ 1,828,018</u>	<u>\$ (14,396)</u>	<u>\$ 1,249,125</u>	<u>\$ 13,790,562</u>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2006

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 3,879,579
Operating disbursements:	
Insurance claims and expense	<u>3,386,365</u>
Change in net assets	493,214
Cash and investment fund balance - beginning	<u>2,127,057</u>
Cash and investment fund balance - ending	<u>\$ 2,620,271</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,620,271</u>
Total cash and investment assets - ending	<u>\$ 2,620,271</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,620,271</u>
Total cash and investment fund balance - ending	<u>\$ 2,620,271</u>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 4,545,412
Operating disbursements:	
Insurance claims and expense	<u>2,435,154</u>
Change in net assets	2,110,258
Cash and investment fund balance - beginning	<u>2,620,271</u>
Cash and investment fund balance - ending	<u>\$ 4,730,529</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 4,730,529</u>
Total cash and investment assets - ending	<u>\$ 4,730,529</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 4,730,529</u>
Total cash and investment fund balance - ending	<u>\$ 4,730,529</u>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Employer	\$ 109,377	\$ -	
Other	<u>-</u>	<u>15,569</u>	
Total contributions	<u>109,377</u>	<u>15,569</u>	
Investment earnings:			
Interest	<u>12,824</u>	<u>4</u>	
Total additions	<u>122,201</u>	<u>15,573</u>	
Deductions:			
Benefits	98,420	-	
Administrative and general	<u>-</u>	<u>18,722</u>	
Total deductions	<u>98,420</u>	<u>18,722</u>	
Excess of total additions over total deductions	23,781	1,004	
Cash and investment fund balance - beginning	<u>690,156</u>	<u>36,184</u>	
Cash and investment fund balance - ending	<u>\$ 713,937</u>	<u>\$ 33,035</u>	
Net Assets:			
Cash and investments	<u>\$ 713,937</u>	<u>\$ 33,035</u>	<u>\$ 84,962</u>
Total net assets - cash and investment basis held in trust	<u>\$ 713,937</u>	<u>\$ 33,035</u>	<u>\$ 84,962</u>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Employer	\$ 100,000	\$ -	
Other	-	4,060	
Total contributions	100,000	4,060	
Investment earnings:			
Interest	14,225	4	
Total additions	114,225	4,064	
Deductions:			
Benefits	37,160	-	
Administrative and general	-	10,745	
Total deductions	37,160	10,745	
Excess (deficiency) of total additions over total deductions	77,065	(6,681)	
Cash and investment fund balance - beginning	713,937	33,035	
Cash and investment fund balance - ending	\$ 791,002	\$ 26,354	
Net Assets:			
Cash and investments	\$ 791,002	\$ 26,354	\$ 88,899
Total net assets - cash and investment basis held in trust	\$ 791,002	\$ 26,354	\$ 88,899

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
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 accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

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 Bremen Public Schools, Tippecanoe Valley School Corporation, Warsaw Community Schools, and Whitko Community School Corporation in a joint venture to operate the North Central Indiana Special Education Cooperative (Cooperative) which was created to provide special programs for students with disabilities. The Cooperative has a program administrator, who is an employee of Warsaw Community Schools that handles all of the administrative responsibilities. The School Corporation receives its share of the federal grant money for special education from Warsaw Community Schools and operates its own special education program here for its students. Complete financial statements for the Cooperative can be obtained from Warsaw Community Schools at 1 Administrative Drive, Warsaw, Indiana, 46580.

The School Corporation is a participant with approximately 40 other schools in a joint venture to operate the Northern Indiana Educational Service Center (Center) which was created to purchase facilities for the Center and provide educational services for its members. The School Corporation is obligated by contract to remit annually a membership fee. Complete financial statements for the Center can be obtained from the Center at 56535 Magnetic Drive, Mishawaka, Indiana, 46545.

The School Corporation is a participant with Fairfield Community School Corporation and West Noble School Corporation in a joint venture to operate the Wawasee Area Vocational Cooperative (Cooperative) which was created to provide occupational training to students. The School Corporation is obligated by contract to remit annually a proportional share of the Cooperative's costs. Complete financial statements for the Cooperative can be obtained from Wawasee Community School Corporation at #1 Warrior Path, Building #2, Syracuse, Indiana, 46567-9170.

The School Corporation is a participant with 20 other schools in a joint venture to operate the North Central Energy Cooperative (Cooperative) which was created with the stated purpose to save money on the purchase of natural gas. The entry into the Cooperative is for a period of one

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

year which can be renewed in the future. No significant financial assessments have been made by the Cooperative to the School Corporation and no significant financial resources have been accumulated as of June 30, 2007, by the Cooperative. Concord Community Schools is the administrative agent for the Cooperative. For information regarding the Cooperative contact Larry Jackowiak by telephone at 574-875-5161 or e-mail at [ljackowi@concord.k12.in.us](mailto:ljackowi@concord.k12.in.us).

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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, 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 types:

The internal service fund (self-insurance) accounts for the payment of medical claims made by employees, dependents, and retirees.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

The private purpose trust funds report a trust arrangement under which principal and income of these funds primarily benefit the students.

The agency fund (payroll clearing account) accounts for assets held by the School Corporation as an agent for governmental agencies, insurance companies, and other third parties and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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.

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 December 31 of the year collected.

3. Compensated Absences

a. Sick Leave

Administrators earn from 9 to 12 days of sick leave per year. Other certified employees and classified employees earn sick leave at the rate of 10 and 8 days per year, respectively. Unused sick leave may be accumulated indefinitely, except for classified employees who are limited to a maximum of 100 days. Accumulated sick leave is paid to certified and classified employees through cash payments upon retirement and is limited to 200 days and 80 days, respectively.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days for administrators and is paid through cash payments upon retirement.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Personal leave does not accumulate from year to year, but unused personal leave is transferred to sick leave.

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.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

E. Receipts and Disbursements

1. 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, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

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.

WAWASEE COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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 Cash Activities 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 Cash Activities and Net Assets - Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	06-30-06	06-30-07
Vocational Education Basic Grants Fund	\$ 26,699	\$ -
School Bus Replacement	-	14,396

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

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:

Transfer From	Transfer To	06-30-06	06-30-07
General Fund	Other governmental	\$ 72,626	\$ -
Debt Service	Other governmental	25,042	-
Capital Projects	Other governmental	17,012	-
Transportation Operating	Other governmental	11,377	-
School Bus Replacement	Other governmental	2,075	-
Other governmental	General Fund	-	72,626
Other governmental	Debt Service	-	25,042
Other governmental	Capital Projects	-	17,012
Other governmental	Transportation Operating	-	11,377
Other governmental	School Bus Replacement	-	2,075
Other governmental	Other governmental	9,650	9,650
Totals		<u>\$ 137,782</u>	<u>\$ 137,782</u>

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

C. Restatements and Reclassifications

For the two years ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. The prior period adjustment represents cash advances to the agency fund that were not due as of July 1, 2005.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported June 30, 2005	Prior Period Adjustments	Balance as Restated July 1, 2005
Governmental Activities:			
Net Assets	\$ 16,782,803	\$ (172,290)	\$ 16,610,513
Governmental Funds:			
General	5,679,860	404,945	6,084,805
Other	1,953,861	(577,235)	1,376,626

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$80,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with the Wawasee Building Corporation and the Wawasee Community School Corporation New Elementary and Remodeling Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the two school years totaled \$3,162,336 and \$3,873,382, respectively.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment medical benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 31 retirees meet these eligibility requirements. The School Corporation and retirees provide 65% and 35%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy 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.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 229,588
Interest on net pension obligation	(18,045)
Adjustment to annual required contribution	20,564
Annual pension cost	232,107
Contributions made	189,326
Increase in net pension obligation	42,781
Net pension obligation, beginning of year	(248,903)
Net pension obligation, end of year	\$ (206,122)
Contribution rates:	
School Corporation	5.38%
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 actual value plus 25% of market value

Actuarial Assumptions

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	\$ 131,284	148%	\$ (219,392)
	06-30-05	163,842	118%	(248,903)
	06-30-06	232,107	82%	(206,122)

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

a. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$360,858, \$336,258, and \$291,334, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

WAWASEE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Wawasee Community School Corporation 401(a) Administrative Merit Pension Plan

Plan Description

The School Corporation has a 401(a) pension plan administered by Baden Retirement Plan Services, a division of Baden, Gage, and Schroeder, LLC, as authorized by Indiana Code 5-10-1.1-1(2). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Baden Retirement Plan Services  
6920 Pointe Inverness Way, Suite 300  
Fort Wayne, Indiana 46804  
Ph. 260-422-3499

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. Currently plan members are not required to contribute any set amount to the plan. No employer or member contributions were made to the plan for the fiscal years ended June 30, 2006 and 2007. Investment earnings were the only additions to the plan during the audit period.

WAWASEE COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,419,572	\$ 3,360,812	\$ 58,760	102%	\$ 3,178,573	2%
07-01-05	3,572,127	4,056,732	(484,605)	88%	3,471,638	(14%)
07-01-06	3,998,424	4,157,333	(158,909)	96%	3,426,403	(5%)

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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

	Preschool Special Education Fund	School Lunch Fund	Textbook Rental Fund	Excess Levy Fund	Educational License Plate Fund	Alternative Education Fund	Safe School Haven Grant Fund
<b>Receipts:</b>							
Local sources	\$ 27,672	\$ 701,502	\$ 174,561	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,069	-	-
State sources	63,648	19,759	37,567	-	-	25,566	2,446
Federal sources	-	403,887	-	-	-	-	-
Sale of property, adjustments and refunds	2,750	-	-	-	-	-	-
<b>Total receipts</b>	<b>94,070</b>	<b>1,125,148</b>	<b>212,128</b>	<b>-</b>	<b>1,069</b>	<b>25,566</b>	<b>2,446</b>
<b>Disbursements:</b>							
Instruction	120,687	-	-	-	-	19,542	2,446
Support services	19,520	974,464	229,009	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>140,207</b>	<b>974,464</b>	<b>229,009</b>	<b>-</b>	<b>-</b>	<b>19,542</b>	<b>2,446</b>
Excess (deficiency) of receipts over disbursements	(46,137)	150,684	(16,881)	-	1,069	6,024	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	137,782	-	-	-
Transfers out	(197)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(197)</b>	<b>-</b>	<b>-</b>	<b>137,782</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,334)	150,684	(16,881)	137,782	1,069	6,024	-
Cash and investments - beginning	111,868	245,777	77,780	-	8,475	18,954	-
Cash and investments - ending	\$ 65,534	\$ 396,461	\$ 60,899	\$ 137,782	\$ 9,544	\$ 24,978	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 65,534	\$ 396,461	\$ 60,899	\$ 137,782	\$ 9,544	\$ 24,978	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 65,534</b>	<b>\$ 396,461</b>	<b>\$ 60,899</b>	<b>\$ 137,782</b>	<b>\$ 9,544</b>	<b>\$ 24,978</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	65,534	396,461	60,899	137,782	9,544	24,978	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 65,534</b>	<b>\$ 396,461</b>	<b>\$ 60,899</b>	<b>\$ 137,782</b>	<b>\$ 9,544</b>	<b>\$ 24,978</b>	<b>\$ -</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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)

	Reading Recovery Grant Fund	Help Program Grant Fund	K-3 Classroom Libraries Grant Fund	Gifted and Talented Education Fund	Non-English Speaking Program Fund	Indiana School Academic Improvement Fund	Telephone Rate Grant Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	139,640	-	-	16,714	2,958	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>139,640</b>	<b>-</b>	<b>-</b>	<b>16,714</b>	<b>2,958</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
Instruction	-	-	43	16,714	2,375	1,050	-
Support services	112,711	1,257	-	-	-	-	720
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>112,711</b>	<b>1,257</b>	<b>43</b>	<b>16,714</b>	<b>2,375</b>	<b>1,050</b>	<b>720</b>
Excess (deficiency) of receipts over disbursements	26,929	(1,257)	(43)	-	583	(1,050)	(720)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,929	(1,257)	(43)	-	583	(1,050)	(720)
Cash and investments - beginning	14,140	1,767	43	-	2,494	1,579	720
Cash and investments - ending	\$ 41,069	\$ 510	\$ -	\$ -	\$ 3,077	\$ 529	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 41,069	\$ 510	\$ -	\$ -	\$ 3,077	\$ 529	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 41,069</b>	<b>\$ 510</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,077</b>	<b>\$ 529</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	41,069	510	-	-	3,077	529	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 41,069</b>	<b>\$ 510</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,077</b>	<b>\$ 529</b>	<b>\$ -</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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 Fund	Title V Fund	Migrant Education Fund	School Age Special Services Fund	Preschool Special Services Fund	Safe and Drug Free Grant Fund	Vocational Education Basic Grants Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	301,004	10,835	50,000	508,942	9,670	-	108,420
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>301,004</b>	<b>10,835</b>	<b>50,000</b>	<b>508,942</b>	<b>9,670</b>	<b>-</b>	<b>108,420</b>
<b>Disbursements:</b>							
Instruction	275,618	-	44,654	226,624	9,652	3,000	84,788
Support services	40,657	18,166	5,346	369,604	-	6,552	23,268
Nonprogrammed charges	3,794	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>320,069</b>	<b>18,166</b>	<b>50,000</b>	<b>596,228</b>	<b>9,652</b>	<b>9,552</b>	<b>108,056</b>
Excess (deficiency) of receipts over disbursements	(19,065)	(7,331)	-	(87,286)	18	(9,552)	364
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,065)	(7,331)	-	(87,286)	18	(9,552)	364
Cash and investments - beginning	85,895	29,518	-	86,474	-	10,846	(27,063)
Cash and investments - ending	\$ 66,830	\$ 22,187	\$ -	\$ (812)	\$ 18	\$ 1,294	\$ (26,699)
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 66,830	\$ 22,187	\$ -	\$ (812)	\$ 18	\$ 1,294	\$ (26,699)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 66,830</b>	<b>\$ 22,187</b>	<b>\$ -</b>	<b>\$ (812)</b>	<b>\$ 18</b>	<b>\$ 1,294</b>	<b>\$ (26,699)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	66,830	22,187	-	(812)	18	1,294	(26,699)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 66,830</b>	<b>\$ 22,187</b>	<b>\$ -</b>	<b>\$ (812)</b>	<b>\$ 18</b>	<b>\$ 1,294</b>	<b>\$ (26,699)</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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)

	School to Work Development Grant Fund	Improving Teacher Quality State Grants Fund	Technology Literacy Challenge Grants Fund	Title III LEP Fund	Retirement Severance Bond Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 974,800	\$ 1,878,535
Intermediate sources	-	-	-	-	-	1,069
State sources	-	-	-	-	-	308,298
Federal sources	-	98,546	5,218	37,523	-	1,534,045
Sale of property, adjustments and refunds	-	-	-	-	-	2,750
<b>Total receipts</b>	<b>-</b>	<b>98,546</b>	<b>5,218</b>	<b>37,523</b>	<b>974,800</b>	<b>3,724,697</b>
<b>Disbursements:</b>						
Instruction	1,135	87,725	-	31,763	-	927,816
Support services	-	14,205	5,020	-	-	1,820,499
Nonprogrammed charges	-	-	-	750	-	4,544
Debt services	-	-	-	-	1,251,575	1,251,575
<b>Total disbursements</b>	<b>1,135</b>	<b>101,930</b>	<b>5,020</b>	<b>32,513</b>	<b>1,251,575</b>	<b>4,004,434</b>
Excess (deficiency) of receipts over disbursements	(1,135)	(3,384)	198	5,010	(276,775)	(279,737)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	137,782
Transfers out	-	-	-	-	(9,453)	(9,650)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,453)</b>	<b>128,132</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,135)	(3,384)	198	5,010	(286,228)	(151,605)
Cash and investments - beginning	1,965	111,215	6,849	663	586,667	1,376,626
Cash and investments - ending	\$ 830	\$ 107,831	\$ 7,047	\$ 5,673	\$ 300,439	\$ 1,225,021
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 830	\$ 107,831	\$ 7,047	\$ 5,673	\$ -	\$ 924,582
Restricted assets:						
Cash and investments	-	-	-	-	300,439	300,439
<b>Total cash and investment assets - ending</b>	<b>\$ 830</b>	<b>\$ 107,831</b>	<b>\$ 7,047</b>	<b>\$ 5,673</b>	<b>\$ 300,439</b>	<b>\$ 1,225,021</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 300,439	\$ 300,439
Unrestricted	830	107,831	7,047	5,673	-	924,582
<b>Total cash and investment fund balance - ending</b>	<b>\$ 830</b>	<b>\$ 107,831</b>	<b>\$ 7,047</b>	<b>\$ 5,673</b>	<b>\$ 300,439</b>	<b>\$ 1,225,021</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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

	Preschool Special Education Fund	School Lunch Fund	Textbook Rental Fund	Excess Levy Fund	Educational License Plate Fund	Alternative Education Grant Fund	Reading Recovery Grant Fund
Receipts:							
Local sources	\$ 18,142	\$ 696,417	\$ 172,300	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,369	-	-
State sources	92,287	19,541	37,373	-	-	24,969	131,171
Federal sources	-	418,451	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>110,429</b>	<b>1,134,409</b>	<b>209,673</b>	<b>-</b>	<b>1,369</b>	<b>24,969</b>	<b>131,171</b>
Disbursements:							
Instruction	113,790	-	-	-	-	25,802	-
Support services	17,313	1,085,398	181,413	-	-	-	119,362
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>131,103</b>	<b>1,085,398</b>	<b>181,413</b>	<b>-</b>	<b>-</b>	<b>25,802</b>	<b>119,362</b>
Excess (deficiency) of receipts over disbursements	(20,674)	49,011	28,260	-	1,369	(833)	11,809
Other financing sources (uses)							
Transfers in	197	-	-	-	-	-	-
Transfers out	-	-	-	(137,782)	-	-	-
<b>Total other financing sources (uses)</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>(137,782)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,477)	49,011	28,260	(137,782)	1,369	(833)	11,809
Cash and investments - beginning	65,534	396,461	60,898	137,782	9,544	24,978	41,069
Cash and investments - ending	<u>\$ 45,057</u>	<u>\$ 445,472</u>	<u>\$ 89,158</u>	<u>\$ -</u>	<u>\$ 10,913</u>	<u>\$ 24,145</u>	<u>\$ 52,878</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 45,057	\$ 445,472	\$ 89,158	\$ -	\$ 10,913	\$ 24,145	\$ 52,878
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 45,057</b>	<b>\$ 445,472</b>	<b>\$ 89,158</b>	<b>\$ -</b>	<b>\$ 10,913</b>	<b>\$ 24,145</b>	<b>\$ 52,878</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	45,057	445,472	89,158	-	10,913	24,145	52,878
<b>Total cash and investment fund balance - ending</b>	<b>\$ 45,057</b>	<b>\$ 445,472</b>	<b>\$ 89,158</b>	<b>\$ -</b>	<b>\$ 10,913</b>	<b>\$ 24,145</b>	<b>\$ 52,878</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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)

	Help Program Grant Fund	Project Lead the Way Grant Fund	Gifted and Talented Education Fund	Non-English Speaking Program Fund	Indiana School Academic Improvement Fund	Drinking Water State Revolving Fund	Title I Fund
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	16,714	2,424	-	30,018	-
Federal sources	-	-	-	-	-	-	253,925
Bonds and loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>16,714</b>	<b>2,424</b>	<b>-</b>	<b>30,018</b>	<b>253,925</b>
<b>Disbursements:</b>							
Instruction	-	-	16,714	2,375	529	-	222,859
Support services	510	2,100	-	-	-	30,018	34,151
Community services	-	-	-	-	-	-	481
Nonprogrammed charges	-	-	-	-	-	-	200
Debt Services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>510</b>	<b>2,100</b>	<b>16,714</b>	<b>2,375</b>	<b>529</b>	<b>30,018</b>	<b>257,691</b>
Excess (deficiency) of receipts over disbursements	(510)	(2,100)	-	49	(529)	-	(3,766)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(510)	(2,100)	-	49	(529)	-	(3,766)
Cash and investments - beginning	510	-	-	3,077	529	-	66,830
Cash and investments - ending	<u>\$ -</u>	<u>\$ (2,100)</u>	<u>\$ -</u>	<u>\$ 3,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,064</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ (2,100)	\$ -	\$ 3,126	\$ -	\$ -	\$ 63,064
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ (2,100)</u>	<u>\$ -</u>	<u>\$ 3,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,064</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(2,100)	-	3,126	-	-	63,064
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ (2,100)</u>	<u>\$ -</u>	<u>\$ 3,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,064</u>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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 V Fund	Migrant Education Fund	School Age Special Services Fund	Preschool Special Services Fund	Safe and Drug Free Grant Fund	Vocational Education Basic Grants Fund
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	57,681	680,624	14,777	12,780	105,435
Bonds and loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>57,681</b>	<b>680,624</b>	<b>14,777</b>	<b>12,780</b>	<b>105,435</b>
<b>Disbursements:</b>						
Instruction	-	51,813	251,424	14,692	3,980	58,263
Support services	12,533	5,868	390,990	1,189	7,293	18,286
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>12,533</b>	<b>57,681</b>	<b>642,414</b>	<b>15,881</b>	<b>11,273</b>	<b>76,549</b>
Excess (deficiency) of receipts over disbursements	(12,533)	-	38,210	(1,104)	1,507	28,886
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,533)	-	38,210	(1,104)	1,507	28,886
Cash and investments - beginning	22,187	-	(812)	18	1,294	(26,699)
Cash and investments - ending	<u>\$ 9,654</u>	<u>\$ -</u>	<u>\$ 37,398</u>	<u>\$ (1,086)</u>	<u>\$ 2,801</u>	<u>\$ 2,187</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 9,654	\$ -	\$ 37,398	\$ (1,086)	\$ 2,801	\$ 2,187
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 9,654</u>	<u>\$ -</u>	<u>\$ 37,398</u>	<u>\$ (1,086)</u>	<u>\$ 2,801</u>	<u>\$ 2,187</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,654	-	37,398	(1,086)	2,801	2,187
<b>Total cash and investment fund balance - ending</b>	<u>\$ 9,654</u>	<u>\$ -</u>	<u>\$ 37,398</u>	<u>\$ (1,086)</u>	<u>\$ 2,801</u>	<u>\$ 2,187</u>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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 to Work Development Grant Fund	Improving Teacher Quality State Grants Fund	Technology Literacy Challenge Grants Fund	Title III LEP Fund	Retirement Severance Bond Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 421,016	\$ 1,307,875
Intermediate sources	-	-	-	-	-	1,369
State sources	-	-	-	-	-	354,497
Federal sources	-	-	-	40,166	-	1,583,839
Bonds and loans	-	-	-	-	311,135	311,135
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,166</b>	<b>732,151</b>	<b>3,558,715</b>
<b>Disbursements:</b>						
Instruction	460	80,816	-	40,304	-	883,821
Support services	-	9,389	1,829	-	-	1,917,642
Community services	-	-	-	-	-	481
Nonprogrammed charges	-	-	-	-	-	200
Debt Services	-	-	-	-	604,335	604,335
<b>Total disbursements</b>	<b>460</b>	<b>90,205</b>	<b>1,829</b>	<b>40,304</b>	<b>604,335</b>	<b>3,406,479</b>
Excess (deficiency) of receipts over disbursements	(460)	(90,205)	(1,829)	(138)	127,816	152,236
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	9,453	9,650
Transfers out	-	-	-	-	-	(137,782)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,453</b>	<b>(128,132)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(460)	(90,205)	(1,829)	(138)	137,269	24,104
Cash and investments - beginning	830	107,832	7,047	5,673	300,439	1,225,021
Cash and investments - ending	<u>\$ 370</u>	<u>\$ 17,627</u>	<u>\$ 5,218</u>	<u>\$ 5,535</u>	<u>\$ 437,708</u>	<u>\$ 1,249,125</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 370	\$ 17,627	\$ 5,218	\$ 5,535	\$ -	\$ 811,417
Restricted assets:						
Cash and investments	-	-	-	-	437,708	437,708
<b>Total cash and investment assets - ending</b>	<b>\$ 370</b>	<b>\$ 17,627</b>	<b>\$ 5,218</b>	<b>\$ 5,535</b>	<b>\$ 437,708</b>	<b>\$ 1,249,125</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	437,708	437,708
Unrestricted	370	17,627	5,218	5,535	-	811,417
<b>Total cash and investment fund balance - ending</b>	<b>\$ 370</b>	<b>\$ 17,627</b>	<b>\$ 5,218</b>	<b>\$ 5,535</b>	<b>\$ 437,708</b>	<b>\$ 1,249,125</b>

WAWASEE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2006

	Retirement/ Severance Bond	Administrator Pension Trust	Totals
Additions:			
Employer contributions	\$ -	\$ 109,377	\$ 109,377
Interest earned on investments	5,766	7,058	12,824
Total additions	5,766	116,435	122,201
Deductions:			
Benefits	54,000	44,420	98,420
Excess (deficiency) of total additions over total deductions	(48,234)	72,015	23,781
Cash and investment fund balance - beginning	142,800	547,356	690,156
Cash and investment fund balance - ending	\$ 94,566	\$ 619,371	\$ 713,937
Net Assets:			
Cash and investments	\$ 94,566	\$ 619,371	\$ 713,937
Total net assets - cash and investment basis held in trust	\$ 94,566	\$ 619,371	\$ 713,937

WAWASEE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Administrator Pension Trust	Totals
Additions:			
Employer contributions	\$ -	\$ 100,000	\$ 100,000
Interest earned on investments	4,981	9,244	14,225
Total additions	4,981	109,244	114,225
Deductions:			
Benefits	350	36,810	37,160
Excess of total additions over total deductions	4,631	72,434	77,065
Cash and investment fund balance - beginning	94,566	619,371	713,937
Cash and investment fund balance - ending	\$ 99,197	\$ 691,805	\$ 791,002
Net Assets:			
Cash and investments	\$ 99,197	\$ 691,805	\$ 791,002
Total net assets - cash and investment basis held in trust	\$ 99,197	\$ 691,805	\$ 791,002

WAWASEE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006

	Karen Parr Counseling Support Trust Fund	DEKKO Local Grant Fund	Dahlstorm Scholarship Fund	IKON Scholarship Fund	Data Assessment Conference Fund	Writers Workshop Conference Fund	Totals
<b>Additions:</b>							
Contributions:							
Other	\$ 273	\$ 15,046	\$ -	\$ -	\$ -	\$ 250	\$ 15,569
Investment earnings:							
Interest	-	-	4	-	-	-	4
Total additions	273	15,046	4	-	-	250	15,573
<b>Deductions:</b>							
Administrative and general	7,053	10,718	-	-	951	-	18,722
Excess (deficiency) of total additions over total deductions	(2,627)	4,328	4	-	(951)	250	1,004
Cash and investment fund balance - beginning	29,879	3,195	1,225	35	1,850	-	36,184
Cash and investments - June 30	<u>\$ 23,099</u>	<u>\$ 7,523</u>	<u>\$ 1,229</u>	<u>\$ 35</u>	<u>\$ 899</u>	<u>\$ 250</u>	<u>\$ 33,035</u>
<b>Net Assets:</b>							
Cash and investments	\$ 23,099	\$ 7,523	\$ 1,229	\$ 35	\$ 899	\$ 250	\$ 33,035
Total net assets - cash and investment basis held in trust	<u>\$ 23,099</u>	<u>\$ 7,523</u>	<u>\$ 1,229</u>	<u>\$ 35</u>	<u>\$ 899</u>	<u>\$ 250</u>	<u>\$ 33,035</u>

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

	Ahms Speech and Hearing Trust Fund	Karen Parr Counseling Support Trust Fund	DEKKO Local Grant Fund	Dahlstorm Scholarship Fund	IKON Scholarship Fund	Data Assessment Conference Fund	Writers Workshop Conference Fund	Totals
Additions:								
Contributions:								
Other	\$ 660	\$ 330	\$ 1,320	\$ -	\$ -	\$ -	\$ 1,750	\$ 4,060
Investment earnings:								
Interest	-	-	-	4	-	-	-	4
Total additions	660	330	1,320	4	-	-	1,750	4,064
Deductions:								
Administrative and general	660	942	8,843	-	-	-	300	10,745
Excess (deficiency) of total additions over total deductions	-	(612)	(7,523)	4	-	-	1,450	(6,681)
Cash and investment fund balance - beginning	-	23,099	7,523	1,229	35	899	250	33,035
Cash and investments - June 30	\$ -	\$ 22,487	\$ -	\$ 1,233	\$ 35	\$ 899	\$ 1,700	\$ 26,354
Net Assets:								
Cash and investments	\$ -	\$ 22,487	\$ -	\$ 1,233	\$ 35	\$ 899	\$ 1,700	\$ 26,354
Total net assets - cash and investment basis held in trust	\$ -	\$ 22,487	\$ -	\$ 1,233	\$ 35	\$ 899	\$ 1,700	\$ 26,354

WAWASEE COMMUNITY SCHOOL CORPORATION  
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.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 1,020,523
Buildings	43,939,312
Improvements other than buildings	2,570,212
Machinery and equipment	<u>4,388,486</u>

Total governmental activities, capital  
assets not being depreciated

\$ 51,918,533

WAWASEE COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DEBT

June 30, 2007

Wawasee Community School Corporation has entered into the following debt obligations:

Description of Debt	Ending Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
North Webster Elementary School renovations and new construction	\$ 30,210,000	\$ 2,182,945
Tax anticipation warrants:	8,190,396	8,190,396 *
Bonds payable:		
General obligation bonds: Pension	4,490,000	747,647
Total governmental activities	\$ 42,890,396	\$ 11,120,988

\* = amount of interest unknown; repayment date unknown

WAWASEE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

TIMELY RECORDKEEPING

We noted instances of monies being paid from the General Fund and the Transportation Operating Fund to the Internal Service Fund in which the disbursement was posted to the ledger the day each check was issued, but the receipt was not posted until weeks and months later. As a result of the receipts not being posted timely, the fund balance of the Internal Service Fund is understated throughout the year until such receipts are posted.

<u>Date Check Issued</u>	<u>Date Received</u>	<u>Amount</u>
10-31-05	01-27-06	\$ 350,000
11-30-05	02-28-06	350,000
12-30-05	01-27-06	75,000
12-30-05	03-31-06	484,656
12-30-05	05-16-06	484,656
12-30-05	05-31-06	484,656
12-30-05	06-23-06	484,656
10-31-06	01-29-07	350,000
11-30-06	02-26-07	350,000
12-31-06	01-29-07	75,000
12-31-06	03-26-07	450,000
12-31-06	04-26-07	450,000
12-31-06	06-28-07	450,000
12-31-06	06-28-07	450,000
12-31-06	06-28-07	450,000

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WAWASEE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

ADVANCE PAYMENTS

A total of \$840,000 was transferred between October 31, 2005 and December 31, 2005, from the General Fund to the Payroll Clearing Account Fund for the employer's share of FICA tax for certified employees.

<u>Date Check Issued</u>	<u>Date Received</u>	<u>Amount</u>
10-31-05	01-27-06	\$ 315,000
11-30-05	02-28-06	315,000
12-31-05	03-31-06	210,000

A total of \$430,000 was transferred between October 31, 2006 and December 31, 2006, from the General Fund to the Payroll Clearing Account Fund for the employer's share of FICA tax for certified employees.

<u>Date Check Issued</u>	<u>Date Received</u>	<u>Amount</u>
10-31-06	01-16-07	\$ 315,000
12-30-06	01-16-07	115,000

The transactions were made in advance of any amounts due for the FICA tax liability. The transfers caused an excess balance in the Payroll Clearing Account Fund for the employer's share of FICA tax for certified employees for the years ended June 30, 2006 and 2007, of \$419,093 and \$19,909, respectively. The excess balance in the Payroll Clearing Account fund signifies an understatement of the General Fund balance for the years ended June 30, 2006 and 2007, in the amounts noted. A similar comment was made in the prior Reports B22383 and B26544.

Appropriate adjustments, authorized by the School Corporation's Director of Finance, were made to the July 1, 2005 to June 30, 2007, financial records to avoid a material misstatement of financial activity for the reporting period.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

(This page intentionally left blank.)

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](http://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 WAWASEE COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

### Compliance

We have audited the compliance of the Wawasee Community School Corporation (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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

### Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major

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)

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.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management 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 5, 2007

WAWASEE COMMUNITY SCHOOL CORPORATION  
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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 44,623	\$ 46,510
National School Lunch Program	10.555		339,449	376,085
Total for federal grantor agency			<u>384,072</u>	<u>422,595</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Warsaw Community School Corporation				
Special Education Cluster				
Special Education - Grants to States	84.027	14205-045-PN01	86,474	-
		FY 04-05 Silver Grant	8,340	-
		14206-045-PN01	494,061	120,676
		14205-045-PY02	13,014	1,913
		14207-045-PN01	-	519,825
		1406-045-PY02	-	9,705
Total for program			<u>601,889</u>	<u>652,119</u>
Special Education - Preschool Grants	84.173	45706-045-PN01	10,164	2,250
		45707-045-PN01	-	9,705
Total for program			<u>10,164</u>	<u>11,955</u>
Total for cluster			<u>612,053</u>	<u>664,074</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010	05-4345	85,895	-
		06-4345	234,175	66,829
		07-4345	-	222,582
Total for program			<u>320,070</u>	<u>289,411</u>
Migrant Education - State Grant Program	84.011	FY05-06/RM25	50,000	-
		FY06-07/RM16	-	57,681
Total for program			<u>50,000</u>	<u>57,681</u>
Vocational Education - Basic Grants to States	84.048	06-4700-4345	108,056	400
		07-4700-4345	-	76,149
Total for program			<u>108,056</u>	<u>76,549</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	03-133	1,011	-
		04-060	8,541	1,293
		05-144	-	9,980
Total for program			<u>9,552</u>	<u>11,273</u>
State Grants for Innovative Programs	84.298	03-174	14,460	-
		04-069	3,706	11,352
		05-197	-	1,181
Total for program			<u>18,166</u>	<u>12,533</u>
Education Technology State Grants	84.318	FY 04-06	5,020	1,829
English Language Acquisition Grants	84.365	FY 04-05	664	-
		FY 05-06	31,849	6,015
		FY 06-07	-	34,290
Total for program			<u>32,513</u>	<u>40,305</u>
Improving Teacher Quality State Grants	84.367	03-156	10,758	-
		04-072	90,841	9,286
		05-110	-	80,920
Total for program			<u>101,599</u>	<u>90,206</u>
Total for federal grantor agency			<u>1,257,029</u>	<u>1,243,861</u>
Total federal awards expended			<u>\$ 1,641,101</u>	<u>\$ 1,666,456</u>

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

WAWASEE COMMUNITY SCHOOL CORPORATION  
 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 Wawasee Community School Corporation (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	\$ 64,865	\$ 52,573
National School Lunch Program	10.555	9,046	6,574

WAWASEE COMMUNITY SCHOOL CORPORATION  
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?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WAWASEE COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WAWASEE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2007, with Richard Kline, Superintendent of Schools; and Jim Evans, Treasurer.