

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

AUDIT REPORT

OF

WABASH CITY SCHOOLS

WABASH COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/27/2008

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-----------------------------|--|
| Treasurer | Carol A. Smith | 07-01-05 to 06-30-08 |
| Superintendent of Schools | Celia A. Briggs | 07-01-05 to 06-30-08 |
| President of the School Board | Michele Hough Steve Weir | 07-01-05 to 06-30-07 07-01-07 to 06-30-08 |



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

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wabash City Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 30, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term 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

January 30, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wabash City Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 30, 2008. 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

January 30, 2008

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

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
|--|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Totals</u> |
| Governmental activities: | | | | |
| Instruction | \$ 4,653,767 | \$ - | \$ 163,225 | \$ (4,490,542) |
| Support services | 7,683,734 | 422,003 | 360,019 | (6,901,712) |
| Community services | 164,344 | - | - | (164,344) |
| Nonprogrammed charges | 748,568 | - | - | (748,568) |
| Debt service | <u>2,145,560</u> | <u>-</u> | <u>-</u> | <u>(2,145,560)</u> |
| Total governmental activities | <u>\$ 15,395,973</u> | <u>\$ 422,003</u> | <u>\$ 523,244</u> | <u>(14,450,726)</u> |
| General receipts: | | | | |
| Property taxes | | | | 3,545,541 |
| Other local sources | | | | 569,557 |
| State aid | | | | 7,706,428 |
| Bonds and loans | | | | 1,500,000 |
| Grants and contributions not restricted to specific programs | | | | 359,390 |
| Sale of property, adjustments, and refunds | | | | 67,458 |
| Investment earnings | | | | <u>149,791</u> |
| Total general receipts | | | | <u>13,898,165</u> |
| Change in net assets | | | | (552,561) |
| Net assets - beginning | | | | <u>4,156,956</u> |
| Net assets - ending | | | | <u>\$ 3,604,395</u> |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 3,411,364 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>193,031</u> |
| Total assets | | | | <u>\$ 3,604,395</u> |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 193,031 |
| Unrestricted | | | | <u>3,411,364</u> |
| Total net assets | | | | <u>\$ 3,604,395</u> |

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

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

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
|--|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Totals</u> |
| Governmental activities: | | | | |
| Instruction | \$ 4,952,501 | \$ - | \$ 138,927 | \$ (4,813,574) |
| Support services | 7,610,419 | 440,773 | 331,099 | (6,838,547) |
| Community services | 184,487 | - | - | (184,487) |
| Nonprogrammed charges | 719,403 | - | - | (719,403) |
| Debt service | <u>1,616,702</u> | <u>-</u> | <u>-</u> | <u>(1,616,702)</u> |
| Total governmental activities | <u>\$ 15,083,512</u> | <u>\$ 440,773</u> | <u>\$ 470,026</u> | <u>(14,172,713)</u> |
| General receipts: | | | | |
| Property taxes | | | | 4,701,618 |
| Other local sources | | | | 1,090,219 |
| State aid | | | | 7,456,922 |
| Bonds and loans | | | | 1,000,000 |
| Grants and contributions not restricted to specific programs | | | | 549,537 |
| Sale of property, adjustments, and refunds | | | | 70,252 |
| Investment earnings | | | | <u>208,472</u> |
| Total general receipts | | | | <u>15,077,020</u> |
| Change in net assets | | | | 904,307 |
| Net assets - beginning | | | | <u>3,604,395</u> |
| Net assets - ending | | | | <u>\$ 4,508,702</u> |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 4,220,668 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>288,034</u> |
| Total assets | | | | <u>\$ 4,508,702</u> |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 288,034 |
| Unrestricted | | | | <u>4,220,668</u> |
| Total net assets | | | | <u>\$ 4,508,702</u> |

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

WABASH CITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Other | Totals |
|---|---------------------|-----------------------------|-------------------|---------------------|---------------------------|-------------------|---------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 2,393,765 | \$ 328,782 | \$ 520,061 | \$ 872,890 | \$ 96,422 | \$ 474,235 | \$ 4,686,155 |
| Intermediate sources | 736 | - | - | - | - | - | 736 |
| State sources | 7,854,935 | - | - | - | - | 121,826 | 7,976,761 |
| Federal sources | - | - | - | 1,616 | - | 610,686 | 612,302 |
| Bonds and loans | 1,500,000 | - | - | - | - | - | 1,500,000 |
| Sale of property, adjustments and refunds | 64,121 | 249 | 322 | 875 | - | 1,891 | 67,458 |
| Total receipts | 11,813,557 | 329,031 | 520,383 | 875,381 | 96,422 | 1,208,638 | 14,843,412 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 4,412,445 | - | - | - | - | 241,322 | 4,653,767 |
| Support services | 4,725,947 | 358,459 | - | 1,054,137 | 30,179 | 1,515,012 | 7,683,734 |
| Community services | 161,894 | - | - | - | - | 2,450 | 164,344 |
| Nonprogrammed charges | 667,667 | - | - | - | - | 80,901 | 748,568 |
| Debt services | 1,500,000 | - | 645,560 | - | - | - | 2,145,560 |
| Total disbursements | 11,467,953 | 358,459 | 645,560 | 1,054,137 | 30,179 | 1,839,685 | 15,395,973 |
| Excess (deficiency) of receipts over disbursements | 345,604 | (29,428) | (125,177) | (178,756) | 66,243 | (631,047) | (552,561) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 14,539 | - | - | - | - | 35,144 | 49,683 |
| Transfers out | (35,144) | - | - | - | - | (14,539) | (49,683) |
| Total other financing sources (uses) | (20,605) | - | - | - | - | 20,605 | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 324,999 | (29,428) | (125,177) | (178,756) | 66,243 | (610,442) | (552,561) |
| Cash and investments - beginning | 1,833,473 | 641,535 | 318,208 | 358,787 | 96,241 | 908,712 | 4,156,956 |
| Cash and investments - ending | <u>\$ 2,158,472</u> | <u>\$ 612,107</u> | <u>\$ 193,031</u> | <u>\$ 180,031</u> | <u>\$ 162,484</u> | <u>\$ 298,270</u> | <u>\$ 3,604,395</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 2,158,472 | \$ 612,107 | \$ - | \$ 180,031 | \$ 162,484 | \$ 298,270 | \$ 3,411,364 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | 193,031 | - | - | - | 193,031 |
| Total cash and investment assets - ending | <u>\$ 2,158,472</u> | <u>\$ 612,107</u> | <u>\$ 193,031</u> | <u>\$ 180,031</u> | <u>\$ 162,484</u> | <u>\$ 298,270</u> | <u>\$ 3,604,395</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ 193,031 | \$ - | \$ - | \$ - | \$ 193,031 |
| Unrestricted | 2,158,472 | 612,107 | - | 180,031 | 162,484 | 298,270 | 3,411,364 |
| Total cash and investment fund balance - ending | <u>\$ 2,158,472</u> | <u>\$ 612,107</u> | <u>\$ 193,031</u> | <u>\$ 180,031</u> | <u>\$ 162,484</u> | <u>\$ 298,270</u> | <u>\$ 3,604,395</u> |

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

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

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Other | Totals |
|--|----------------------------|-----------------------------|--------------------------|--------------------------|---------------------------|--------------------------|----------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 3,350,710 | \$ 480,625 | \$ 711,380 | \$ 1,264,602 | \$ 158,814 | \$ 473,855 | \$ 6,439,986 |
| Intermediate sources | 1,094 | - | - | - | - | - | 1,094 |
| State sources | 7,582,723 | - | - | - | - | 187,124 | 7,769,847 |
| Federal sources | - | - | - | - | - | 706,640 | 706,640 |
| Bonds and loans | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Sale of property, adjustments and refunds | 64,600 | - | 325 | 1,721 | 1,000 | 2,606 | 70,252 |
| Total receipts | 11,999,127 | 480,625 | 711,705 | 1,266,323 | 159,814 | 1,370,225 | 15,987,819 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 4,679,682 | - | - | - | - | 272,819 | 4,952,501 |
| Support services | 4,988,124 | 404,241 | - | 994,024 | 141,023 | 1,083,007 | 7,610,419 |
| Community services | 182,644 | - | - | - | - | 1,843 | 184,487 |
| Nonprogrammed charges | 647,691 | - | - | - | - | 71,712 | 719,403 |
| Debt services | 1,000,000 | - | 616,702 | - | - | - | 1,616,702 |
| Total disbursements | 11,498,141 | 404,241 | 616,702 | 994,024 | 141,023 | 1,429,381 | 15,083,512 |
| Excess (deficiency) of receipts over disbursements | 500,986 | 76,384 | 95,003 | 272,299 | 18,791 | (59,156) | 904,307 |
| Cash and investments - beginning | 2,158,472 | 612,107 | 193,031 | 180,031 | 162,484 | 298,270 | 3,604,395 |
| Cash and investments - ending | <u>\$ 2,659,458</u> | <u>\$ 688,491</u> | <u>\$ 288,034</u> | <u>\$ 452,330</u> | <u>\$ 181,275</u> | <u>\$ 239,114</u> | <u>\$ 4,508,702</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 2,659,458 | \$ 688,491 | \$ - | \$ 452,330 | \$ 181,275 | \$ 239,114 | \$ 4,220,668 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | 288,034 | - | - | - | 288,034 |
| Total cash and investment assets - ending | <u>\$ 2,659,458</u> | <u>\$ 688,491</u> | <u>\$ 288,034</u> | <u>\$ 452,330</u> | <u>\$ 181,275</u> | <u>\$ 239,114</u> | <u>\$ 4,508,702</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ 288,034 | \$ - | \$ - | \$ - | \$ 288,034 |
| Unrestricted | 2,659,458 | 688,491 | - | 452,330 | 181,275 | 239,114 | 4,220,668 |
| Total cash and investment fund balance - ending | <u>\$ 2,659,458</u> | <u>\$ 688,491</u> | <u>\$ 288,034</u> | <u>\$ 452,330</u> | <u>\$ 181,275</u> | <u>\$ 239,114</u> | <u>\$ 4,508,702</u> |

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

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

| | Private-Purpose Trust Funds |
|--|--------------------------------|
| Additions: | |
| Contributions: | |
| Other | \$ 5,345 |
| Deductions: | |
| Administrative and general | 9,475 |
| Deficiency of total additions over total deductions | (4,130) |
| Cash and investment fund balance - beginning | 7,670 |
| Cash and investment fund balance - ending | \$ 3,540 |
| Net assets: | |
| Cash and investments | \$ 3,540 |
| Total net assets - cash and investment basis held in trust | \$ 3,540 |

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

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

| | Private-Purpose Trust Funds |
|--|--------------------------------|
| Additions: | |
| Contributions: | |
| Other | \$ <u>1,002</u> |
| Deductions: | |
| Administrative and general | <u>1,289</u> |
| Deficiency of total additions over total deductions | (287) |
| Cash and investment fund balance - beginning | <u>3,540</u> |
| Cash and investment fund balance - ending | <u>\$ 3,253</u> |
| Net assets: | |
| Cash and investments | <u>\$ 3,253</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 3,253</u> |

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Wabash City Schools

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

Joint Venture

The School Corporation is a participant with Manchester Community Schools, Metropolitan School District of Wabash County and Peru Community Schools in a joint venture to operate Wabash-Miami Area Program for Exceptional Children, which was created to operate a comprehensive program of special education for handicapped children. The School Corporation is obligated by contract to remit its proportionate share of operating costs of the program as determined each June by the program's Advisory committee. Complete financial statements for the Wabash-Miami Area Program for Exceptional Children can be obtained from the office of the Metropolitan School District of Wabash County at 204 North 300 West, Wabash Indiana, which is the joint venture's administering school corporation.

The School Corporation is a participant with Manchester Community Schools, North Miami Community Schools, Metropolitan School District of Wabash County and Peru Community Schools in a joint venture to operate the Heartland Career Center, which was created to establish an area vocational educational school. The School Corporation is obligated by contract to remit its proportionate share of operation, control and maintenance costs of the program as determined by each School Corporation's student participation. Complete financial statements for the Heartland Career Center can be obtained from the joint venture's administrative office at 79 South County Road 200 West, Wabash, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

Additionally, the School Corporation reports the following fund types:

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave (personal illness) at rates from 5 days to 10 days per year based on classification. Unused sick leave may be accumulated to a maximum of 22 days to 185 days based on classification. A portion of accumulated sick leave is paid to employees through cash payments upon termination.

Employees earn family illness leave at rates from 2 days to 5 days per year based on classification. Unused family illness leave does not accumulate from year to year.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 6 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 5 days. Accumulated vacation leave is not paid to employees upon termination.

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. Personal Leave

School Corporation employees earn personal and emergency leave at rates from 2 days to 6 days per year based on classification. Unused personal leave may be accumulated as sick leave days for the subsequent year.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities 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 or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and state statute:

| Fund | 2005-2006 | 2006-2007 |
|-----------------------------|-----------|-----------|
| Improving Teacher Quality | \$ 43,330 | \$ - |
| Community Grant Gorman Fund | - | 5 |
| ECIA Title 1 06-07 Fund | - | 14,429 |

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 year ended June 30, 2007, were as follows:

| Transfer From | Transfer To | 2005-2006 |
|---------------------------|----------------------------------|-----------|
| Other governmental funds: | Major fund: | |
| Levy Excess Fund | General Fund | \$ 14,539 |
| Major fund: | Other governmental funds: | |
| General Fund | Special Education Preschool Fund | 35,000 |
| General Fund | School Library Fund | 144 |
| | | 144 |
| Total | | \$ 49,683 |

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

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

B. Holding Corporation

The School Corporation has entered into a capital lease with Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation.

The school building facilities under the lease are included in the capital assets note of the School Corporation and the corresponding lease obligation has been included in the governmental activities column of the lease note. Lease payments during the years ended June 30, 2006 and 2007, were \$278,000 and \$278,500, respectively.

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 15 years of service. Currently, 21 retirees meet these eligibility requirements. The School Corporation and retirees provide 74% and 26%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$186,889 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plan

| | PERF |
|--|--|
| Annual required contribution | \$ 43,635 |
| Interest on net pension obligation | (5,065) |
| Adjustment to annual required contribution | 5,772 |
| Annual pension cost | 44,342 |
| Contributions made | 43,424 |
| Increase in net pension obligation | 918 |
| Net pension obligation, beginning of year | (69,867) |
| Net pension obligation, end of year | \$ (68,949) |
| Contribution rates: | |
| School Corporation | 6% |
| Plan members | 3% |
| Actuarial valuation date | 07-01-96 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of projected payroll, closed |
| Amortization period | 40 years |
| Amortization period (from date) | 07-01-97 |
| Asset valuation method | 75% of expected actuarial value plus 25% of market value |

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-04 | \$ 37,736 | 140% | \$ (54,488) |
| | 06-30-05 | 33,817 | 145% | (69,867) |
| | 06-30-06 | 44,342 | 98% | (68,949) |

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

Teachers' Retirement Fund

Plan Description

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

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

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$176,178, \$161,418, and \$137,888, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

E. Cash With Fiscal Agent

The School Corporation had \$948,202 on deposit with Nippon Life Insurance Company (Nippon) at June 30, 2007. Nippon is the School's group health insurance carrier. The funds are available to cover premium increases and to pay the cost of retirement/severance benefits through the year 2012.

F. Retirement/Severance Benefits

The School Corporation provided a retirement/severance benefit under prior teacher master contracts. This benefit is no longer included in the master contract. The School has determined that the last year of payments for this benefit will be 2012. The School estimates that the total future payments required for this benefit will be approximately \$1,000,000.

WABASH CITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 07-01-04 | \$ 1,231,462 | \$ 1,105,730 | \$ 125,732 | 111% | \$ 821,806 | 15% |
| 07-01-05 | 1,270,028 | 1,200,118 | 69,910 | 106% | 896,271 | 8% |
| 07-01-06 | 1,240,842 | 1,183,991 | 56,851 | 105% | 914,658 | 6% |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

| | Special Education Preschool | School Lunch | Textbook Rental | Levy Excess | School Library | GenCorp Foundation Grant |
|---|-----------------------------------|-------------------|--------------------|-----------------|----------------|--------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ 5,609 | \$ 356,307 | \$ 69,435 | \$ - | \$ - | \$ - |
| State sources | 62,669 | 5,330 | 38,615 | - | - | - |
| Federal sources | - | 316,074 | - | - | - | - |
| Sale of property, adjustments and refunds | - | 1,544 | - | - | - | - |
| Total receipts | <u>68,278</u> | <u>679,255</u> | <u>108,050</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | - | - | - |
| Support services | - | 657,951 | 94,174 | - | - | 310 |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | 80,901 | - | - | - | - | - |
| Total disbursements | <u>80,901</u> | <u>657,951</u> | <u>94,174</u> | <u>-</u> | <u>-</u> | <u>310</u> |
| Excess (deficiency) of receipts over disbursements | <u>(12,623)</u> | <u>21,304</u> | <u>13,876</u> | <u>-</u> | <u>-</u> | <u>(310)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 35,000 | - | - | - | 144 | - |
| Transfers out | - | - | - | (14,539) | - | - |
| Total other financing sources (uses) | <u>35,000</u> | <u>-</u> | <u>-</u> | <u>(14,539)</u> | <u>144</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 22,377 | 21,304 | 13,876 | (14,539) | 144 | (310) |
| Cash and investments - beginning | <u>12,598</u> | <u>141,608</u> | <u>40,124</u> | <u>14,539</u> | <u>(144)</u> | <u>2,809</u> |
| Cash and investments - ending | <u>\$ 34,975</u> | <u>\$ 162,912</u> | <u>\$ 54,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,499</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ 34,975</u> | <u>\$ 162,912</u> | <u>\$ 54,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,499</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ 34,975</u> | <u>\$ 162,912</u> | <u>\$ 54,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,499</u> |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | Community Grant Fund | Cinergy Grant Fund | Wells Fargo Special Grant Fund | Community Foundation Grant | Community Grant Gorman Fund | Applied Math Mini Grant Fund |
|---|----------------------------|--------------------------|--------------------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ 1,000 | \$ 11,760 | \$ 1,160 | \$ 1,200 | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | - | 1,000 | 11,760 | 1,160 | 1,200 | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 1,000 | 11,760 | 1,040 | 1,144 | - |
| Support services | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | - | 1,000 | 11,760 | 1,040 | 1,144 | - |
| Excess (deficiency) of receipts over disbursements | - | - | - | 120 | 56 | - |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | - | 120 | 56 | - |
| Cash and investments - beginning | 8 | - | - | - | - | 348 |
| Cash and investments - ending | <u>8</u> | <u>-</u> | <u>-</u> | <u>120</u> | <u>56</u> | <u>348</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | <u>8</u> | <u>-</u> | <u>-</u> | <u>120</u> | <u>56</u> | <u>348</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | <u>8</u> | <u>-</u> | <u>-</u> | <u>120</u> | <u>56</u> | <u>348</u> |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | Gifted and Talented Spec Grants | Gifted and Talented Fund | Tech Prep Fund | Non-English Speaking Fund | School Technology Fund | Performance Based Awards Fund |
|---|---------------------------------------|--------------------------------|-------------------|---------------------------------|------------------------------|-------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 2,111 | 12,970 | - | 131 | - | - |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 2,111 | 12,970 | - | 131 | - | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 2,111 | 11,740 | - | 72 | - | 948 |
| Support services | - | 1,005 | - | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | 2,111 | 12,745 | - | 72 | - | 948 |
| Excess (deficiency) of receipts over disbursements | - | 225 | - | 59 | - | (948) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 225 | - | 59 | - | (948) |
| Cash and investments - beginning | - | 729 | 653 | 424 | 1,589 | 1,018 |
| Cash and investments - ending | \$ - | \$ 954 | \$ 653 | \$ 483 | \$ 1,589 | \$ 70 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ - | \$ 954 | \$ 653 | \$ 483 | \$ 1,589 | \$ 70 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | \$ - | \$ 954 | \$ 653 | \$ 483 | \$ 1,589 | \$ 70 |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | Technology Fund | CLASS Grant Fund | Town Meeting Fund | Visual and Performing Arts Fund | Wabash Valley Youth Orch Fund | Indiana Heritage Arts Fund |
|---|--------------------|---------------------|----------------------|---------------------------------------|-------------------------------------|----------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 24,426 | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | 347 | - | - |
| Total receipts | - | - | - | 24,773 | - | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | 24,079 | - | - |
| Support services | - | - | - | 2,012 | - | - |
| Community services | - | - | 250 | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | - | - | 250 | 26,091 | - | - |
| Excess (deficiency) of receipts over disbursements | - | - | (250) | (1,318) | - | - |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | (250) | (1,318) | - | - |
| Cash and investments - beginning | 822 | 17 | 367 | 19,374 | 477 | 87 |
| Cash and investments - ending | <u>\$ 822</u> | <u>\$ 17</u> | <u>\$ 117</u> | <u>\$ 18,056</u> | <u>\$ 477</u> | <u>\$ 87</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ 822</u> | <u>\$ 17</u> | <u>\$ 117</u> | <u>\$ 18,056</u> | <u>\$ 477</u> | <u>\$ 87</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ 822</u> | <u>\$ 17</u> | <u>\$ 117</u> | <u>\$ 18,056</u> | <u>\$ 477</u> | <u>\$ 87</u> |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | ECIA Title 1 04-05 Fund | ECIA Title 1 05-06 Fund | Innovative Education Program Strategies 03-04 | Title V Part A Innovative Strategies 04-05 | Title VI 2001-02 PL 103-382 | Drug Free Schools and Communities |
|---|-------------------------------|-------------------------------|--|--|-----------------------------------|---|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | 19,600 | 212,707 | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | <u>19,600</u> | <u>212,707</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 16,252 | 161,382 | 719 | 4,700 | - | 2,625 |
| Support services | 5,783 | 40,790 | - | - | - | - |
| Community services | - | 2,200 | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | <u>22,035</u> | <u>204,372</u> | <u>719</u> | <u>4,700</u> | <u>-</u> | <u>2,625</u> |
| Excess (deficiency) of receipts over disbursements | <u>(2,435)</u> | <u>8,335</u> | <u>(719)</u> | <u>(4,700)</u> | <u>-</u> | <u>(2,625)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(2,435)</u> | <u>8,335</u> | <u>(719)</u> | <u>(4,700)</u> | <u>-</u> | <u>(2,625)</u> |
| Cash and investments - beginning | <u>2,435</u> | <u>-</u> | <u>719</u> | <u>8,160</u> | <u>29</u> | <u>3,821</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 8,335</u> | <u>\$ -</u> | <u>\$ 3,460</u> | <u>\$ 29</u> | <u>\$ 1,196</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | <u>\$ -</u> | <u>\$ 8,335</u> | <u>\$ -</u> | <u>\$ 3,460</u> | <u>\$ 29</u> | <u>\$ 1,196</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | <u>\$ -</u> | <u>\$ 8,335</u> | <u>\$ -</u> | <u>\$ 3,460</u> | <u>\$ 29</u> | <u>\$ 1,196</u> |

WABASH CITY SCHOOLS
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
 (Continued)

| | Drug Free Schools TIVA | Drug Free Schools 05-06 | Eisenhower Grant | Vocational Education Homemaking | Educate Indiana | Class Size Reduction |
|--|---------------------------|----------------------------|---------------------|---------------------------------------|--------------------|-------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | 3,000 | 3,305 | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | <u>3,000</u> | <u>3,305</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 1,750 | - | - | - | - | - |
| Support services | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | <u>1,750</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>1,250</u> | <u>3,305</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>1,250</u> | <u>3,305</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - beginning | <u>6,085</u> | <u>-</u> | <u>38</u> | <u>5</u> | <u>4</u> | <u>52</u> |
| Cash and investments - ending | <u>\$ 7,335</u> | <u>\$ 3,305</u> | <u>\$ 38</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 52</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ 7,335</u> | <u>\$ 3,305</u> | <u>\$ 38</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 52</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ 7,335</u> | <u>\$ 3,305</u> | <u>\$ 38</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 52</u> |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | Improving Teacher Quality | Enhancing Educ. Through Technology | Construction | Energy Savings | Totals |
|---|---------------------------------|--|------------------|-------------------|-------------------|
| Receipts: | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 3,338 | \$ 474,235 |
| State sources | - | - | - | - | 121,826 |
| Federal sources | 56,000 | - | - | - | 610,686 |
| Sale of property, adjustments and refunds | - | - | - | - | 1,891 |
| Total receipts | 56,000 | - | - | 3,338 | 1,208,638 |
| Disbursements: | | | | | |
| Current: | | | | | |
| Instruction | - | - | - | - | 241,322 |
| Support services | 81,518 | 2,863 | - | 628,606 | 1,515,012 |
| Community services | - | - | - | - | 2,450 |
| Nonprogrammed charges | - | - | - | - | 80,901 |
| Total disbursements | 81,518 | 2,863 | - | 628,606 | 1,839,685 |
| Excess (deficiency) of receipts over disbursements | (25,518) | (2,863) | - | (625,268) | (631,047) |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | 35,144 |
| Transfers out | - | - | - | - | (14,539) |
| Total other financing sources (uses) | - | - | - | - | 20,605 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (25,518) | (2,863) | - | (625,268) | (610,442) |
| Cash and investments - beginning | (17,812) | 4,599 | 22,551 | 640,579 | 908,712 |
| Cash and investments - ending | <u>\$ (43,330)</u> | <u>\$ 1,736</u> | <u>\$ 22,551</u> | <u>\$ 15,311</u> | <u>\$ 298,270</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | |
| Cash and investments | <u>\$ (43,330)</u> | <u>\$ 1,736</u> | <u>\$ 22,551</u> | <u>\$ 15,311</u> | <u>\$ 298,270</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | |
| Unrestricted | <u>\$ (43,330)</u> | <u>\$ 1,736</u> | <u>\$ 22,551</u> | <u>\$ 15,311</u> | <u>\$ 298,270</u> |

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

| | Special Education Preschool | School Lunch | Textbook Rental | GenCorp Foundation Grant | Community Grant Fund | Community Foundation Grant |
|--|-----------------------------------|------------------|--------------------|--------------------------------|----------------------------|----------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ 7,479 | \$ 345,938 | \$ 100,110 | \$ - | \$ - | \$ - |
| State sources | 61,095 | 5,046 | 35,393 | - | - | - |
| Federal sources | - | 290,660 | - | - | - | - |
| Sale of property, adjustments and refunds | - | 2,606 | - | - | - | - |
| Total receipts | 68,574 | 644,250 | 135,503 | - | - | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | - | - | - |
| Support services | - | 709,661 | 163,325 | 2,499 | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | 71,712 | - | - | - | - | - |
| Total disbursements | 71,712 | 709,661 | 163,325 | 2,499 | - | - |
| Excess (deficiency) of receipts over disbursements | (3,138) | (65,411) | (27,822) | (2,499) | - | - |
| Cash and investments - beginning | 34,975 | 162,912 | 54,000 | 2,499 | 8 | 120 |
| Cash and investments - ending | <u>\$ 31,837</u> | <u>\$ 97,501</u> | <u>\$ 26,178</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 120</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ 31,837</u> | <u>\$ 97,501</u> | <u>\$ 26,178</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 120</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ 31,837</u> | <u>\$ 97,501</u> | <u>\$ 26,178</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 120</u> |

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

| | Community Grant Gorman Fund | Applied Math Mini Grant Fund | Gifted and Talented Fund | Tech Prep Fund | Non-English Speaking Fund | School Technology Fund |
|--|-----------------------------------|------------------------------------|--------------------------------|-------------------|---------------------------------|------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 12,970 | - | 157 | - |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | - | - | 12,970 | - | 157 | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 61 | - | 12,034 | - | 201 | - |
| Support services | - | - | 913 | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | 61 | - | 12,947 | - | 201 | - |
| Excess (deficiency) of receipts over disbursements | (61) | - | 23 | - | (44) | - |
| Cash and investments - beginning | 56 | 348 | 954 | 653 | 483 | 1,589 |
| Cash and investments - ending | <u>\$ (5)</u> | <u>\$ 348</u> | <u>\$ 977</u> | <u>\$ 653</u> | <u>\$ 439</u> | <u>\$ 1,589</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ (5)</u> | <u>\$ 348</u> | <u>\$ 977</u> | <u>\$ 653</u> | <u>\$ 439</u> | <u>\$ 1,589</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ (5)</u> | <u>\$ 348</u> | <u>\$ 977</u> | <u>\$ 653</u> | <u>\$ 439</u> | <u>\$ 1,589</u> |

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

| | Technology Plan Grant Fund | Performance Based Awards Fund | Technology Fund | CLASS Grant Fund | Town Meeting Fund | Visual and Performing Arts Fund |
|---|----------------------------------|-------------------------------------|--------------------|---------------------|----------------------|---------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 19,796 |
| State sources | 72,463 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 72,463 | - | - | - | - | 19,796 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | - | - | 21,168 |
| Support services | 53,736 | - | - | - | - | 1,703 |
| Community services | - | - | - | - | 65 | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | 53,736 | - | - | - | 65 | 22,871 |
| Excess (deficiency) of receipts over disbursements | 18,727 | - | - | - | (65) | (3,075) |
| Cash and investments - beginning | - | 70 | 822 | 17 | 117 | 18,056 |
| Cash and investments - ending | \$ 18,727 | \$ 70 | \$ 822 | \$ 17 | \$ 52 | \$ 14,981 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 18,727 | \$ 70 | \$ 822 | \$ 17 | \$ 52 | \$ 14,981 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | \$ 18,727 | \$ 70 | \$ 822 | \$ 17 | \$ 52 | \$ 14,981 |

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

| | Wabash Valley Youth Orch Fund | Indiana Heritage Arts Fund | ECIA Title 1 05-06 Fund | ECIA Title 1 06-07 Fund | Title V Part A Innovative Strategies 04-05 | Title V Part A Innovative Strategies 05-06 |
|--|-------------------------------------|----------------------------------|-------------------------------|-------------------------------|--|--|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | 19,000 | 229,067 | - | 5,686 |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | - | - | 19,000 | 229,067 | - | 5,686 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | 23,980 | 189,850 | 3,396 | 5,686 |
| Support services | - | - | 3,355 | 51,868 | 64 | - |
| Community services | - | - | - | 1,778 | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | - | - | 27,335 | 243,496 | 3,460 | 5,686 |
| Excess (deficiency) of receipts over disbursements | - | - | (8,335) | (14,429) | (3,460) | - |
| Cash and investments - beginning | 477 | 87 | 8,335 | - | 3,460 | - |
| Cash and investments - ending | <u>\$ 477</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ (14,429)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | <u>\$ 477</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ (14,429)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Unrestricted | <u>\$ 477</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ (14,429)</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Title V Part A Innovative Strategies 1998 | Title VI 2001-02 PL 103-382 | Drug Free Schools and Communities | Drug Free Schools TIVA | Drug Free Schools 05-06 | Drug Free Schools 06-07 |
|--|---|-----------------------------------|---|---------------------------|----------------------------|----------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | 2,762 | - | - | - | 5,000 | 2,336 |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 2,762 | - | - | - | 5,000 | 2,336 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 2,762 | - | - | 7,268 | 6,108 | - |
| Support services | - | - | 1,196 | 36 | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | 2,762 | - | 1,196 | 7,304 | 6,108 | - |
| Excess (deficiency) of receipts over disbursements | - | - | (1,196) | (7,304) | (1,108) | 2,336 |
| Cash and investments - beginning | - | 29 | 1,196 | 7,335 | 3,305 | - |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 29</u> | <u>\$ -</u> | <u>\$ 31</u> | <u>\$ 2,197</u> | <u>\$ 2,336</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | <u>\$ -</u> | <u>\$ 29</u> | <u>\$ -</u> | <u>\$ 31</u> | <u>\$ 2,197</u> | <u>\$ 2,336</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Unrestricted | <u>\$ -</u> | <u>\$ 29</u> | <u>\$ -</u> | <u>\$ 31</u> | <u>\$ 2,197</u> | <u>\$ 2,336</u> |

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

| | Eisenhower Grant | Vocational Education Homemaking | Educate Indiana | Class Size Reduction | Improving Teacher Quality |
|---|---------------------|---------------------------------------|--------------------|-------------------------|---------------------------------|
| Receipts: | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | - | - | - | - | 140,966 |
| Sale of property, adjustments and refunds | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total receipts | - | - | - | - | 140,966 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Disbursements: | | | | | |
| Current: | | | | | |
| Instruction | - | - | - | - | - |
| Support services | - | - | - | - | 83,476 |
| Community services | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total disbursements | - | - | - | - | 83,476 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | 57,490 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Cash and investments - beginning | 38 | 5 | 4 | 52 | (43,330) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Cash and investments - ending | \$ 38 | \$ 5 | \$ 4 | \$ 52 | \$ 14,160 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>Cash and Investment Assets - Ending</u> | | | | | |
| Cash and investments | \$ 38 | \$ 5 | \$ 4 | \$ 52 | \$ 14,160 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | |
| Unrestricted | \$ 38 | \$ 5 | \$ 4 | \$ 52 | \$ 14,160 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

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

| | Enhancing Educ. Through Technology | Title III Migrant | Construction | Energy Savings | Totals |
|--|--|----------------------|------------------|-------------------|-------------------|
| Receipts: | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 532 | \$ 473,855 |
| State sources | - | - | - | - | 187,124 |
| Federal sources | 10,583 | 580 | - | - | 706,640 |
| Sale of property, adjustments and refunds | - | - | - | - | 2,606 |
| Total receipts | <u>10,583</u> | <u>580</u> | <u>-</u> | <u>532</u> | <u>1,370,225</u> |
| Disbursements: | | | | | |
| Current: | | | | | |
| Instruction | - | 305 | - | - | 272,819 |
| Support services | 6,175 | - | - | 5,000 | 1,083,007 |
| Community services | - | - | - | - | 1,843 |
| Nonprogrammed charges | - | - | - | - | 71,712 |
| Total disbursements | <u>6,175</u> | <u>305</u> | <u>-</u> | <u>5,000</u> | <u>1,429,381</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,408</u> | <u>275</u> | <u>-</u> | <u>(4,468)</u> | <u>(59,156)</u> |
| Cash and investments - beginning | <u>1,736</u> | <u>-</u> | <u>22,551</u> | <u>15,311</u> | <u>298,270</u> |
| Cash and investments - ending | <u>\$ 6,144</u> | <u>\$ 275</u> | <u>\$ 22,551</u> | <u>\$ 10,843</u> | <u>\$ 239,114</u> |
| Cash and Investment Assets - Ending | | | | | |
| Cash and investments | <u>\$ 6,144</u> | <u>\$ 275</u> | <u>\$ 22,551</u> | <u>\$ 10,843</u> | <u>\$ 239,114</u> |
| Cash and Investment Fund Balance - Ending | | | | | |
| Unrestricted | <u>\$ 6,144</u> | <u>\$ 275</u> | <u>\$ 22,551</u> | <u>\$ 10,843</u> | <u>\$ 239,114</u> |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

| | OJN Class Community Foundation | School Wide Enhancement | Staff Development | Cape/Lilly Grant | Counseling | Family Reading Night |
|---|--------------------------------------|----------------------------|----------------------|---------------------|------------|----------------------------|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ 805 | \$ 2,626 |
| Deductions: | | | | | | |
| Administrative and general | 277 | - | 739 | 353 | 4,104 | 3,136 |
| Excess (deficiency) of total additions over total deductions | (277) | - | (739) | (353) | (3,299) | (510) |
| Cash and investment fund balance - beginning | 277 | 1 | 739 | 410 | 3,299 | 510 |
| Cash and Investments - June 30 | \$ - | \$ 1 | \$ - | \$ 57 | \$ - | \$ - |
| Net assets: | | | | | | |
| Cash and investments | \$ - | \$ 1 | \$ - | \$ 57 | \$ - | \$ - |
| Total net assets - cash and investment basis held in trust | \$ - | \$ 1 | \$ - | \$ 57 | \$ - | \$ - |

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

| | Star Reading Grant | Wal-Mart Grant | Community Foundation Door Openers | Dental Fund | Totals |
|---|--------------------------|-------------------|---|-----------------|-----------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Other | \$ 863 | \$ - | \$ - | \$ 1,051 | \$ 5,345 |
| Deductions: | | | | | |
| Administrative and general | - | - | - | 866 | 9,475 |
| Excess (deficiency) of total additions over total deductions | 863 | - | - | 185 | (4,130) |
| Cash and investment fund balance - beginning | (863) | 220 | 94 | 2,983 | 7,670 |
| Cash and Investments - June 30 | <u>\$ -</u> | <u>\$ 220</u> | <u>\$ 94</u> | <u>\$ 3,168</u> | <u>\$ 3,540</u> |
| Net assets: | | | | | |
| Cash and investments | <u>\$ -</u> | <u>\$ 220</u> | <u>\$ 94</u> | <u>\$ 3,168</u> | <u>\$ 3,540</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ -</u> | <u>\$ 220</u> | <u>\$ 94</u> | <u>\$ 3,168</u> | <u>\$ 3,540</u> |

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

| | School Wide Enhancement | Cape/Lilly Grant | Wal-Mart Grant | Community Foundation Door Openers | Dental Fund | Totals |
|--|----------------------------|---------------------|-------------------|---|-----------------|-----------------|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ 1,002 | \$ 1,002 |
| Deductions: | | | | | | |
| Administrative and general | - | - | 89 | - | 1,200 | 1,289 |
| Deficiency of total additions over total deductions | - | - | (89) | - | (198) | (287) |
| Cash and investment fund balance - beginning | 1 | 57 | 220 | 94 | 3,168 | 3,540 |
| Cash and Investments - June 30 | <u>\$ 1</u> | <u>\$ 57</u> | <u>\$ 131</u> | <u>\$ 94</u> | <u>\$ 2,970</u> | <u>\$ 3,253</u> |
| Net assets: | | | | | | |
| Cash and investments | \$ 1 | \$ 57 | \$ 131 | \$ 94 | \$ 2,970 | \$ 3,253 |
| Total net assets - cash and investment basis held in trust | <u>\$ 1</u> | <u>\$ 57</u> | <u>\$ 131</u> | <u>\$ 94</u> | <u>\$ 2,970</u> | <u>\$ 3,253</u> |

WABASH CITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2007

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

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 25,524 |
| Buildings | 12,841,216 |
| Machinery and equipment | <u>19,157,613</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 32,024,353</u> |

WABASH CITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School Corporation has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|------------------------------------|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| School Building | \$ 1,750,000 | \$ 276,845 |
| Notes and loans payable: | | |
| Energy Savings Contract Loan | 900,000 | 69,990 |
| Common School Loan | <u>2,800,000</u> | <u>156,000</u> |
| Total governmental activities debt | <u>\$ 5,450,000</u> | <u>\$ 502,835</u> |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

Compliance

We have audited the compliance of the Wabash City Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

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

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

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

January 30, 2008

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

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-06 | Total Federal Awards Expended 06-30-07 |
|--|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| Pass-Through Indiana Department of Education Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | \$ 57,371 | \$ 63,496 |
| National School Lunch Program | 10.555 | | <u>262,725</u> | <u>311,018</u> |
| Total for federal grantor agency | | | <u>320,096</u> | <u>374,514</u> |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies | 84.010 | | | |
| | | 05-8060 | 22,034 | - |
| | | 06-8060 | 204,372 | 27,335 |
| | | 07-8060 | <u>-</u> | <u>243,496</u> |
| Total for program | | | <u>226,406</u> | <u>270,831</u> |
| Safe and Drug Free Schools and Communities - State Grants | 84.186 | | | |
| | | 03-207 | 2,625 | 1,196 |
| | | 04-152 | 1,750 | 7,304 |
| | | 05-189 | <u>-</u> | <u>6,108</u> |
| Total for program | | | <u>4,375</u> | <u>14,608</u> |
| State Grants for Innovative Programs | 84.298 | | | |
| | | 03-297 | 719 | - |
| | | 04-103 | 4,700 | 3,396 |
| | | 05-298 | - | 5,686 |
| | | 08-8060 | <u>-</u> | <u>2,762</u> |
| Total for program | | | <u>5,419</u> | <u>11,844</u> |
| Education Technology State Grants | 84.318 | | | |
| | | S318X030014 | 2,863 | - |
| | | S318X040014 | <u>-</u> | <u>4,439</u> |
| Total for program | | | <u>2,863</u> | <u>4,439</u> |
| English Language Acquisition Grants | 84.365 | | | |
| | | | <u>-</u> | <u>305</u> |
| Improving Teacher Quality State Grants | 84.367 | | | |
| | | 04-180 | 80,433 | - |
| | | 05-296 | - | 79,247 |
| | | 06-8060 | <u>-</u> | <u>4,230</u> |
| Total for program | | | <u>80,433</u> | <u>83,477</u> |
| Total for federal grantor agency | | | <u>319,496</u> | <u>385,504</u> |
| Total federal awards expended | | | <u>\$ 639,592</u> | <u>\$ 760,018</u> |

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

WABASH CITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wabash City Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

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

| Program Title | Federal CFDA Number | 2005-2006 | 2006-2007 |
|-------------------------------|---------------------------|-----------|-----------|
| National School Lunch Program | 10.555 | \$ 33,366 | \$ 44,995 |

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | 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 | Child Nutrition Cluster Title I Grants to Local Educational Agencies |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WABASH CITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WABASH CITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2008, with Carol A. Smith, Treasurer; Celia A. Briggs, Superintendent of Schools; Jan F. Roland, Administrative Assistant to the Superintendent of Schools; and Steve Weir, President of the School Board.