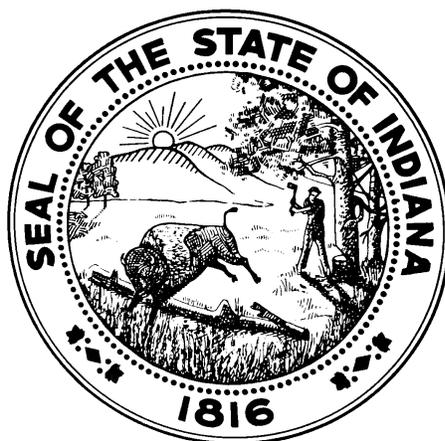


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
WARRICK COUNTY SCHOOL CORPORATION
WARRICK COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/27/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sarah Evans	07-01-06 to 06-30-09
Superintendent of Schools	Brad Schneider	07-01-06 to 06-30-09
President of the School Board	Gary Hachmeister Dorothy Kroeger	07-01-06 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrick County School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 February 24, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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 Combining Schedules, as listed in the Table of Contents, 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 Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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

February 24, 2009



STATE OF INDIANA
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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 WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrick County School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 24, 2009. 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, school board, 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

February 24, 2009

WARRICK COUNTY SCHOOL CORPORATION
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	\$ 39,951,198	\$ -	\$ 229,779	\$ (39,721,419)
Support services	30,490,689	2,529,670	1,157,463	(26,803,556)
Community services	833,288	-	-	(833,288)
Nonprogrammed charges	2,285,550	-	-	(2,285,550)
Debt service	<u>8,855,804</u>	<u>-</u>	<u>-</u>	<u>(8,855,804)</u>
Total governmental activities	<u>\$ 82,416,529</u>	<u>\$ 2,529,670</u>	<u>\$ 1,387,242</u>	<u>(78,499,617)</u>
General receipts:				
Property taxes				23,757,847
Other local sources				3,744,186
State aid				28,800,231
Grants and contributions not restricted to specific programs				1,629,631
Sale of property, adjustments, and refunds				157,545
Investment earnings				909,098
Interfund loans				<u>1,100,000</u>
Total general receipts and interfund loans				<u>60,098,538</u>
Change in net assets				(18,401,079)
Net assets - beginning				<u>21,719,685</u>
Net assets - ending				<u>\$ 3,318,606</u>
<u>Assets</u>				
Cash and investments				\$ 3,236,706
Restricted assets:				
Cash and investments				<u>81,900</u>
Total assets				<u>\$ 3,318,606</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 81,900
Unrestricted				<u>3,236,706</u>
Total net assets				<u>\$ 3,318,606</u>

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 36,319,048	\$ -	\$ 318,116	\$ (36,000,932)
Support services	31,303,401	2,635,351	1,289,677	(27,378,373)
Community services	1,062,805	-	-	(1,062,805)
Nonprogrammed charges	4,745,274	-	-	(4,745,274)
Debt service	<u>9,009,109</u>	<u>-</u>	<u>-</u>	<u>(9,009,109)</u>
Total governmental activities	<u>\$ 82,439,637</u>	<u>\$ 2,635,351</u>	<u>\$ 1,607,793</u>	<u>(78,196,493)</u>
General receipts:				
Property taxes				42,885,284
Other local sources				5,676,410
State aid				28,473,270
Grants and contributions not restricted to specific programs				1,743,216
Sale of property, adjustments, and refunds				840,841
Investment earnings				458,723
Interfund loans				<u>(145,000)</u>
Total general receipts and interfund loans				<u>79,932,744</u>
Change in net assets				1,736,251
Net assets - beginning				<u>3,318,606</u>
Net assets - ending				<u>\$ 5,054,857</u>
<u>Assets</u>				
Cash and investments				\$ 3,552,241
Restricted assets:				
Cash and investments				<u>1,502,616</u>
Total assets				<u>\$ 5,054,857</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 13,538
Other purposes				1,489,078
Unrestricted				<u>3,552,241</u>
Total net assets				<u>\$ 5,054,857</u>

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

WARRICK COUNTY 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	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Construction Technology	Other	Totals
Receipts:										
Local sources	\$ 13,747,755	\$ 3,089,811	\$ 2,272,538	\$ 707,837	\$ 4,295,211	\$ 5,151,380	\$ 267,245	\$ 43,490	\$ 1,364,700	\$ 30,939,967
Intermediate sources	833	-	-	-	-	-	-	-	-	833
State sources	29,003,043	-	57,618	85,470	-	-	-	-	470,518	29,616,649
Federal sources	-	-	997,588	-	-	-	-	-	1,202,868	2,200,456
Sale of property, adjustments and refunds	129,845	25,468	2,232	-	-	-	-	-	-	157,545
Interfund loans	1,100,000	2,200,000	-	-	-	1,100,000	-	-	900,000	5,300,000
Total receipts	43,981,476	5,315,279	3,329,976	793,307	4,295,211	6,251,380	267,245	43,490	3,938,086	68,215,450
Disbursements:										
Current:										
Instruction	38,320,495	-	-	-	-	-	-	-	1,630,703	39,951,198
Support services	9,262,645	5,618,733	3,169,736	845,495	-	9,736,887	281,551	781,922	793,720	30,490,689
Community services	798,041	-	-	-	-	-	-	-	35,247	833,288
Nonprogrammed charges	1,815,915	-	-	-	-	-	-	-	469,635	2,285,550
Debt services	-	-	-	-	6,931,000	-	-	-	1,924,804	8,855,804
Interfund loans	-	-	-	-	1,500,000	-	300,000	-	2,400,000	4,200,000
Total disbursements	50,197,096	5,618,733	3,169,736	845,495	8,431,000	9,736,887	581,551	781,922	7,254,109	86,616,529
Excess (deficiency) of receipts over disbursements	(6,215,620)	(303,454)	160,240	(52,188)	(4,135,789)	(3,485,507)	(314,306)	(738,432)	(3,316,023)	(18,401,079)
Other financing sources (uses):										
Transfers in	501,042	-	-	-	35,000	-	-	-	1,649,637	2,185,679
Transfers out	(58,688)	(14,288)	-	-	(20,520)	(1,433,999)	(1,321)	-	(656,863)	(2,185,679)
Total other financing sources (uses)	442,354	(14,288)	-	-	14,480	(1,433,999)	(1,321)	-	992,774	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,773,266)	(317,742)	160,240	(52,188)	(4,121,309)	(4,919,506)	(315,627)	(738,432)	(2,323,249)	(18,401,079)
Cash and investments - beginning	5,988,510	401,060	412,547	615,961	4,153,251	5,016,438	398,043	1,585,732	3,148,143	21,719,685
Cash and investments - ending	\$ 215,244	\$ 83,318	\$ 572,787	\$ 563,773	\$ 31,942	\$ 96,932	\$ 82,416	\$ 847,300	\$ 824,894	\$ 3,318,606
Cash and Investment Assets - Ending										
Cash and investments	\$ 215,244	\$ 83,318	\$ 572,787	\$ 563,773	\$ -	\$ 96,932	\$ 82,416	\$ 847,300	\$ 774,936	\$ 3,236,706
Restricted assets:										
Cash and investments	-	-	-	-	31,942	-	-	-	49,958	81,900
Total cash and investment assets - ending	\$ 215,244	\$ 83,318	\$ 572,787	\$ 563,773	\$ 31,942	\$ 96,932	\$ 82,416	\$ 847,300	\$ 824,894	\$ 3,318,606
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 31,942	\$ -	\$ -	\$ -	\$ 49,958	\$ 81,900
Unrestricted	215,244	83,318	572,787	563,773	-	96,932	82,416	847,300	774,936	3,236,706
Total cash and investment fund balance - ending	\$ 215,244	\$ 83,318	\$ 572,787	\$ 563,773	\$ 31,942	\$ 96,932	\$ 82,416	\$ 847,300	\$ 824,894	\$ 3,318,606

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

WARRICK COUNTY 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, 2008

	General	Transportation Operating	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Construction Technology	Construction	Other	Totals
Receipts:											
Local sources	\$23,436,995	\$ 5,562,076	\$ 2,357,183	\$ 670,721	\$7,148,320	\$ 10,027,460	\$ 272,817	\$ 12,877	\$ -	\$ 2,166,486	\$ 51,654,935
Intermediate sources	833	-	-	-	-	-	-	-	-	-	833
State sources	28,703,850	-	57,251	147,445	-	-	-	-	-	502,411	29,410,957
Federal sources	-	-	1,084,816	-	-	-	-	-	-	1,328,506	2,413,322
Sale of property, adjustments and refunds	114,511	12,619	2,997	-	-	85,714	-	-	625,000	-	840,841
Interfund loans	830,000	2,780,000	-	-	1,500,000	855,000	300,000	-	-	3,210,000	9,475,000
Total receipts	53,086,189	8,354,695	3,502,247	818,166	8,648,320	10,968,174	572,817	12,877	625,000	7,207,403	93,795,888
Disbursements:											
Current:											
Instruction	38,029,342	-	-	-	-	-	-	-	-	1,171,665	39,201,007
Support services	11,201,675	6,232,361	3,470,749	665,492	-	9,341,128	508,465	355,602	-	544,641	32,320,113
Community services	1,033,341	-	-	-	-	-	-	-	-	29,464	1,062,805
Nonprogrammed charges	1,843,431	-	-	-	-	-	-	-	-	492,250	2,335,681
Debt services	-	-	-	-	7,086,500	-	-	-	-	1,922,609	9,009,109
Interfund loans	1,100,000	2,200,000	-	-	1,540,000	1,100,000	-	-	-	3,680,000	9,620,000
Total disbursements	53,207,789	8,432,361	3,470,749	665,492	8,626,500	10,441,128	508,465	355,602	-	7,840,629	93,548,715
Excess (deficiency) of receipts over disbursements	(121,600)	(77,666)	31,498	152,674	21,820	527,046	64,352	(342,725)	625,000	(633,226)	247,173
Other financing sources (uses):											
Transfers in	-	-	-	47,322	-	-	-	-	-	773,182	820,504
Transfers out	(947)	-	-	-	(47,322)	(622,124)	-	-	-	(150,111)	(820,504)
Total other financing sources (uses)	(947)	-	-	47,322	(47,322)	(622,124)	-	-	-	623,071	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(122,547)	(77,666)	31,498	199,996	(25,502)	(95,078)	64,352	(342,725)	625,000	(10,155)	247,173
Cash and investments - beginning	215,244	83,318	572,787	563,773	31,942	96,932	82,416	847,300	-	824,894	3,318,606
Cash and investments - ending	\$ 92,697	\$ 5,652	\$ 604,285	\$ 763,769	\$ 6,440	\$ 1,854	\$ 146,768	\$ 504,575	\$ 625,000	\$ 814,739	3,565,779
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											
											1,489,078
Net assets of governmental activities											\$ 5,054,857
Cash and Investment Assets - Ending											
Cash and investments	\$ 92,697	\$ 5,652	\$ 604,285	\$ 763,769	\$ -	\$ 1,854	\$ 146,768	\$ 504,575	\$ 625,000	\$ 807,641	\$ 3,552,241
Restricted assets:											
Cash and investments	-	-	-	-	6,440	-	-	-	-	7,098	13,538
Total cash and investment assets - ending	\$ 92,697	\$ 5,652	\$ 604,285	\$ 763,769	\$ 6,440	\$ 1,854	\$ 146,768	\$ 504,575	\$ 625,000	\$ 814,739	\$ 3,565,779
Cash and Investment Fund Balance - Ending											
Restricted for:											
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 6,440	\$ -	\$ -	\$ -	\$ -	\$ 7,098	\$ 13,538
Other purposes	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	92,697	5,652	604,285	763,769	-	1,854	146,768	504,575	625,000	807,641	3,552,241
Total cash and investment fund balance - ending	\$ 92,697	\$ 5,652	\$ 604,285	\$ 763,769	\$ 6,440	\$ 1,854	\$ 146,768	\$ 504,575	\$ 625,000	\$ 814,739	\$ 3,565,779

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 3,898,671
Miscellaneous	150,000
Total operating receipts	4,048,671
Operating disbursements:	
Insurance claims and expense	2,559,593
Excess of operating receipts over operating disbursements	1,489,078
Change in net assets	1,489,078
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 1,489,078
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,489,078
Total cash and investment assets - ending	\$ 1,489,078
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,489,078
Total cash and investment fund balance - ending	\$ 1,489,078

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 16,241
Investment earnings:		
Interest	74,231	-
Total additions	<u>74,231</u>	<u>16,241</u>
Deductions:		
Benefits	242,389	-
Administrative and general	-	34,681
Agency fund deductions	<u>1,100,000</u>	<u>-</u>
Total deductions	<u>1,342,389</u>	<u>34,681</u>
Deficiency of total additions over total deductions	(1,268,158)	(18,440)
Cash and investment fund balance - beginning	<u>2,008,252</u>	<u>31,829</u>
Cash and investment fund balance - ending	<u>\$ 740,094</u>	<u>\$ 13,389</u>
Net assets:		
Cash and investments	<u>\$ 740,094</u>	<u>\$ 13,389</u>
Total net assets - cash and investment basis held in trust	<u>\$ 740,094</u>	<u>\$ 13,389</u>

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Interfund loan	\$ 1,100,000	\$ -	
Other	-	33,021	
Total contributions	1,100,000	33,021	
Investment earnings:			
Interest	38,631	-	
Total additions	1,138,631	33,021	
Deductions:			
Benefits	380,563	-	
Administrative and general	-	36,338	
Interfund loan	955,000	-	
Total deductions	1,335,563	36,338	
Deficiency of total additions over total deductions	(196,932)	(3,317)	
Cash and investment fund balance - beginning	740,094	13,389	
Cash and investment fund balance - ending	\$ 543,162	\$ 10,072	\$ 119
Net assets:			
Cash and investments	\$ 543,162	\$ 10,072	
Total net assets - cash and investment basis held in trust	\$ 543,162	\$ 10,072	

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

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

Primary Government: Warrick County School Corporation

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 East Gibson, North Gibson, South Gibson and Pike County School Corporations in a joint venture to operate the Gibson-Pike-Warrick Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to participate at a rate based on the percentage of Average Daily Attendance (ADA) for the Corporation compared to the ADA for the combined corporations. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from their administrative offices at 618 East Main Street, Petersburg, Indiana 47567.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of 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. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and 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 school lunch fund is used to account for receipts and disbursements for the food service program.

The textbook rental fund is used to account for receipts and disbursements concerning textbooks and workbooks furnished to students.

The construction technology fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical insurance for corporation employees.

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 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, 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. 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.

5. 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, (2) operating grants and contributions, and (3) capital 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 and the similar discretely presented component unit 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 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. At June 30, 2008, 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.

2. Investments

As of June 30, 2008, the School Corporation had no investments.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2006-2007	2007-2008
General Fund	Other governmental funds	\$ 58,688	\$ 947
Transportation Operating	Other governmental funds	14,288	-
Debt Service	Other governmental funds	20,520	-
	Textbook Rental	-	47,322
Capital Projects	Other governmental funds	1,433,999	622,124
School Bus Replacement	Other governmental funds	1,321	-
Other governmental funds	General Fund	501,042	-
	Debt Service	35,000	-
	Other governmental funds	120,821	150,111
Totals		<u>\$ 2,185,679</u>	<u>\$ 820,504</u>

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the 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 \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past year. Amounts are paid into the fund by deductions from the employees' salaries and wages and payments from the General Fund and are available to pay claims, claim reserves, and administrative costs of the program. Provisions are also made for unexpected and unusual claims.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with Boonville Junior High School Building Corporation, Elberfeld - J. H. Castle School Building Corporation, and Boonville High School – Castle Junior High School 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 a related party of the School Corporation. Lease payments during the year totaled \$7,077,060.

C. Subsequent Events

The School Corporation awarded bids for the renovation of Boonville Middle School/Castle North Middle School on December 15, 2008, for the amount of \$1,622,420.

The School Corporation borrowed \$4,000,000 on July 28, 2008, for cash flow purposes. The temporary loan was repaid on October 2, 2008.

D. Termination Benefits

During the current year, the School Corporation provided postemployment health insurance benefits to all employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service. Currently, 15 retirees meet these eligibility requirements. The School Corporation and retirees provide 37% and 63%, 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, 2008, disbursements of \$28,700 were recognized for post-employment benefits.

E. 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 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 487,135
Interest on net pension obligation	(30,522)
Adjustment to annual required contribution	34,783
Annual pension cost	491,396
Contributions made	423,775
Increase in net pension obligation	67,621
Net pension obligation, beginning of year	(420,997)
Net pension obligation, end of year	\$ (353,376)

	PERF
Contribution rates:	
School Corporation	6.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

WARRICK COUNTY SCHOOL CORPORATION
 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	06-30-05	\$ 349,036	112%	\$ (454,984)
	06-30-06	425,827	92%	(420,997)
	06-30-07	491,396	86%	(353,376)

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

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$853,469, \$741,169, and \$689,683, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

WARRICK COUNTY 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 8,050,029	\$ 9,060,714	\$ (1,010,685)	89%	\$ 6,346,421	(16%)
07-01-06	8,854,143	9,675,854	(821,711)	92%	6,769,283	(12%)
07-01-07	9,891,568	10,395,687	(504,119)	95%	6,649,136	(8%)

WARRICK COUNTY 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

	Special Education Preschool	Local Rainy Day	Levy Excess	Alternative Education	Gifted & Talented 2006-2007	Gifted & Talented 2005-2006
Receipts:						
Local sources	\$ 49,357	\$ 116,372	\$ 19,085	\$ -	\$ -	\$ -
State sources	416,223	-	-	15,538	27,878	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	465,580	116,372	19,085	15,538	27,878	-
Disbursements:						
Current:						
Instruction	-	549,156	-	15,843	27,878	4,559
Support services	-	554,962	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	469,635	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	200,000	2,200,000	-	-	-	-
Total disbursements	669,635	3,304,118	-	15,843	27,878	4,559
Excess (deficiency) of receipts over disbursements	(204,055)	(3,187,746)	19,085	(305)	-	(4,559)
Other financing sources (uses):						
Transfers in	-	1,409,710	124,636	-	-	-
Transfers out	(234)	-	(501,042)	-	-	-
Total other financing sources (uses)	(234)	1,409,710	(376,406)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(204,289)	(1,778,036)	(357,321)	(305)	-	(4,559)
Cash and investments - beginning	238,065	2,052,627	484,242	15,843	-	4,559
Cash and investments - ending	\$ 33,776	\$ 274,591	\$ 126,921	\$ 15,538	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 33,776	\$ 274,591	\$ 126,921	\$ 15,538	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 33,776	\$ 274,591	\$ 126,921	\$ 15,538	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	33,776	274,591	126,921	15,538	-	-
Total cash and investment fund balance - ending	\$ 33,776	\$ 274,591	\$ 126,921	\$ 15,538	\$ -	\$ -

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

WARRICK COUNTY 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)

	Non English Speaking	Mentor Program	Strengthening Families 2006-2007	Title 1 06-8130	Title 1 07-8130	S.I.G. School Improvement
Receipts:						
Local sources	\$ -	\$ -	\$ 65,700	\$ -	\$ -	\$ -
State sources	1,309	9,570	-	-	-	-
Federal sources	-	-	-	62,500	756,108	-
Interfund loans	-	-	-	-	-	-
Total receipts	1,309	9,570	65,700	62,500	756,108	-
Disbursements:						
Current:						
Instruction	3,110	-	-	175,225	446,733	12,782
Support services	-	-	65,700	5,174	88,704	6,308
Community services	-	-	-	11,166	9,227	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	3,110	-	65,700	191,565	544,664	19,090
Excess (deficiency) of receipts over disbursements	(1,801)	9,570	-	(129,065)	211,444	(19,090)
Other financing sources (uses):						
Transfers in	-	-	-	-	27,456	-
Transfers out	-	-	-	(27,456)	-	-
Total other financing sources (uses)	-	-	-	(27,456)	27,456	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,801)	9,570	-	(156,521)	238,900	(19,090)
Cash and investments - beginning	1,801	-	-	156,521	-	19,090
Cash and investments - ending	\$ -	\$ 9,570	\$ -	\$ -	\$ 238,900	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 9,570	\$ -	\$ -	\$ 238,900	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 9,570	\$ -	\$ -	\$ 238,900	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	9,570	-	-	238,900	-
Total cash and investment fund balance - ending	\$ -	\$ 9,570	\$ -	\$ -	\$ 238,900	\$ -

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

WARRICK COUNTY 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 Part A 04-071	Title V Part A 2005-2006	Learn & Serve Homeland Security	Title IV Part A 2005-2006	Title IV Part A 2006-2007	Hurricane Katrina Recovery
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	14,415	-	-	17,364	26,656	6,875
Interfund loans	-	-	-	-	-	-
Total receipts	14,415	-	-	17,364	26,656	6,875
Disbursements:						
Current:						
Instruction	77,337	(2,440)	1,760	-	-	19,125
Support services	12,928	2,440	8,670	21,406	16,870	-
Community services	577	-	-	-	1,065	1,500
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	90,842	-	10,430	21,406	17,935	20,625
Excess (deficiency) of receipts over disbursements	(76,427)	-	(10,430)	(4,042)	8,721	(13,750)
Other financing sources (uses):						
Transfers in	87,835	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	87,835	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,408	-	(10,430)	(4,042)	8,721	(13,750)
Cash and investments - beginning	-	-	10,430	4,042	-	13,750
Cash and investments - ending	\$ 11,408	\$ -	\$ -	\$ -	\$ 8,721	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 11,408	\$ -	\$ -	\$ -	\$ 8,721	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 11,408	\$ -	\$ -	\$ -	\$ 8,721	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	11,408	-	-	-	8,721	-
Total cash and investment fund balance - ending	\$ 11,408	\$ -	\$ -	\$ -	\$ 8,721	\$ -

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

WARRICK COUNTY 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 II Part A 2004-2005	Title II Part D Technology 2005	Title III English Proficiency	T H S Team Nutrition Mini Grant	Retirement Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,114,186	\$ 1,364,700
State sources	-	-	-	-	-	470,518
Federal sources	292,785	-	25,665	500	-	1,202,868
Interfund loans	-	-	-	-	900,000	900,000
Total receipts	292,785	-	25,665	500	2,014,186	3,938,086
Disbursements:						
Current:						
Instruction	273,970	-	25,665	-	-	1,630,703
Support services	-	10,058	-	500	-	793,720
Community services	11,712	-	-	-	-	35,247
Nonprogrammed charges	-	-	-	-	-	469,635
Debt services	-	-	-	-	1,924,804	1,924,804
Interfund loans	-	-	-	-	-	2,400,000
Total disbursements	285,682	10,058	25,665	500	1,924,804	7,254,109
Excess (deficiency) of receipts over disbursements	7,103	(10,058)	-	-	89,382	(3,316,023)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,649,637
Transfers out	(87,835)	-	-	-	(40,296)	(656,863)
Total other financing sources (uses)	(87,835)	-	-	-	(40,296)	992,774
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,732)	(10,058)	-	-	49,086	(2,323,249)
Cash and investments - beginning	136,243	10,058	-	-	872	3,148,143
Cash and investments - ending	\$ 55,511	\$ -	\$ -	\$ -	\$ 49,958	\$ 824,894
Cash and Investment Assets - Ending						
Cash and investments	\$ 55,511	\$ -	\$ -	\$ -	\$ -	\$ 774,936
Restricted assets:						
Cash and investments	-	-	-	-	49,958	49,958
Total cash and investment assets - ending	\$ 55,511	\$ -	\$ -	\$ -	\$ 49,958	\$ 824,894
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 49,958	\$ 49,958
Unrestricted	55,511	-	-	-	-	774,936
Total cash and investment fund balance - ending	\$ 55,511	\$ -	\$ -	\$ -	\$ 49,958	\$ 824,894

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

WARRICK COUNTY 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, 2008

	Special Education Preschool	Local Rainy Day	Levy Excess	Alternative Education	Safe Haven 2007-2008	Gifted & Talented 2007-2008	Non English Speaking
Receipts:							
Local sources	\$ 90,929	\$ 98,611	\$ 7,197	\$ -	\$ -	\$ -	\$ -
State sources	378,712	-	-	14,347	21,651	68,075	19,626
Federal sources	-	-	-	-	-	-	-
Interfund loans	200,000	2,200,000	-	-	-	-	-
Total receipts	669,641	2,298,611	7,197	14,347	21,651	68,075	19,626
Disbursements:							
Current:							
Instruction	-	-	-	15,538	-	68,075	19,626
Support services	-	303,879	-	-	21,651	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	492,250	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	2,780,000	-	-	-	-	-
Total disbursements	492,250	3,083,879	-	15,538	21,651	68,075	19,626
Excess (deficiency) of receipts over disbursements	177,391	(785,268)	7,197	(1,191)	-	-	-
Other financing sources (uses):							
Transfers in	-	622,124	947	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	622,124	947	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	177,391	(163,144)	8,144	(1,191)	-	-	-
Cash and investments - beginning	33,776	274,591	126,921	15,538	-	-	-
Cash and investments - ending	<u>\$ 211,167</u>	<u>\$ 111,447</u>	<u>\$ 135,065</u>	<u>\$ 14,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 211,167	\$ 111,447	\$ 135,065	\$ 14,347	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 211,167	\$ 111,447	\$ 135,065	\$ 14,347	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	211,167	111,447	135,065	14,347	-	-	-
Total cash and investment fund balance - ending	\$ 211,167	\$ 111,447	\$ 135,065	\$ 14,347	\$ -	\$ -	\$ -

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

WARRICK COUNTY 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, 2008
 (Continued)

	Mentor Program	Title 1 08-8130	PL 107-110 ECIA Title 1	Title 1 School Improvement	Title V Part A 04-071	Title V Part A 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	946,045	-	28,478	-	14,369
Interfund loans	-	-	-	-	-	-
Total receipts	-	946,045	-	28,478	-	14,369
Disbursements:						
Current:						
Instruction	9,570	579,633	165,643	-	10,498	83,792
Support services	-	132,704	11,628	26,600	910	12,933
Community services	-	12,066	1,888	1,878	-	582
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	9,570	724,403	179,159	28,478	11,408	97,307
Excess (deficiency) of receipts over disbursements	(9,570)	221,642	(179,159)	-	(11,408)	(82,938)
Other financing sources (uses):						
Transfers in	-	59,741	-	-	-	90,370
Transfers out	-	-	(59,741)	-	-	-
Total other financing sources (uses)	-	59,741	(59,741)	-	-	90,370
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,570)	281,383	(238,900)	-	(11,408)	7,432
Cash and investments - beginning	9,570	-	238,900	-	11,408	-
Cash and investments - ending	\$ -	\$ 281,383	\$ -	\$ -	\$ -	\$ 7,432
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 281,383	\$ -	\$ -	\$ -	\$ 7,432
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 281,383	\$ -	\$ -	\$ -	\$ 7,432
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	281,383	-	-	-	7,432
Total cash and investment fund balance - ending	\$ -	\$ 281,383	\$ -	\$ -	\$ -	\$ 7,432

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

WARRICK COUNTY 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, 2008
 (Continued)

	Title IV Part A 2005-2006	Title IV Part A 2006-2007	Title II Part A 2004-2005	Title III English Proficiency	Retirement Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,969,749	\$ 2,166,486
State sources	-	-	-	-	-	502,411
Federal sources	26,689	-	301,235	11,690	-	1,328,506
Interfund loans	-	-	-	-	810,000	3,210,000
Total receipts	26,689	-	301,235	11,690	2,779,749	7,207,403
Disbursements:						
Current:						
Instruction	-	-	207,600	11,690	-	1,171,665
Support services	25,615	8,721	-	-	-	544,641
Community services	1,000	-	12,050	-	-	29,464
Nonprogrammed charges	-	-	-	-	-	492,250
Debt services	-	-	-	-	1,922,609	1,922,609
Interfund loans	-	-	-	-	900,000	3,680,000
Total disbursements	26,615	8,721	219,650	11,690	2,822,609	7,840,629
Excess (deficiency) of receipts over disbursements	74	(8,721)	81,585	-	(42,860)	(633,226)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	773,182
Transfers out	-	-	(90,370)	-	-	(150,111)
Total other financing sources (uses)	-	-	(90,370)	-	-	623,071
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	74	(8,721)	(8,785)	-	(42,860)	(10,155)
Cash and investments - beginning	-	8,721	55,511	-	49,958	824,894
Cash and investments - ending	\$ 74	\$ -	\$ 46,726	\$ -	\$ 7,098	\$ 814,739
Cash and Investment Assets - Ending						
Cash and investments	\$ 74	\$ -	\$ 46,726	\$ -	\$ -	\$ 807,641
Restricted assets:						
Cash and investments	-	-	-	-	7,098	7,098
Total cash and investment assets - ending	\$ 74	\$ -	\$ 46,726	\$ -	\$ 7,098	\$ 814,739
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 7,098	\$ 7,098
Unrestricted	74	-	46,726	-	-	807,641
Total cash and investment fund balance - ending	\$ 74	\$ -	\$ 46,726	\$ -	\$ 7,098	\$ 814,739

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

WARRICK COUNTY 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	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Interest	\$ 49,504	\$ 24,727	\$ 74,231
Deductions:			
Benefits	242,389	-	242,389
Interfund loan	1,100,000	-	1,100,000
Total deductions	1,342,389	-	1,342,389
Excess (deficiency) of total additions over total deductions	(1,292,885)	24,727	(1,268,158)
Cash and investment fund balance - beginning	1,475,206	533,046	2,008,252
Cash and investment fund balance - ending	\$ 182,321	\$ 557,773	\$ 740,094
Net assets:			
Cash and investments	\$ 182,321	\$ 557,773	\$ 740,094
Total net assets - cash and investment basis held in trust	\$ 182,321	\$ 557,773	\$ 740,094

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Interfund loan	\$ 1,100,000	\$ -	\$ 1,100,000
Investment earnings:			
Interest	25,754	12,877	38,631
Total additions	1,125,754	12,877	1,138,631
Deductions:			
Benefits	348,572	31,991	380,563
Interfund loan	830,000	125,000	955,000
Total deductions	1,178,572	156,991	1,335,563
Deficiency of total additions over total deductions	(52,818)	(144,114)	(196,932)
Cash and investment fund balance - beginning	182,321	557,773	740,094
Cash and investment fund balance - ending	\$ 129,503	\$ 413,659	\$ 543,162
Net assets:			
Cash and investments	\$ 129,503	\$ 413,659	\$ 543,162
Total net assets - cash and investment basis held in trust	\$ 129,503	\$ 413,659	\$ 543,162

WARRICK COUNTY 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

	Tobacco Prevention 2004-2005	Tobacco Prevention 2006-2007	SINE Model Tech Grant	Poverty Grant	BHS Improving Anger Management	Adult Education ESL Workforce Literacy	WEC/ESL Workforce Literacy
Additions:							
Contributions:							
Other	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 6,710
Deductions:							
Administrative and general	3,049	956	8,031	3,702	2,491	1,178	6,710
Excess (deficiency) of total additions over total deductions	(3,049)	6,044	(8,031)	(3,702)	(2,491)	(1,178)	-
Cash and investment fund balance - beginning	3,049	-	12,112	4,000	2,491	1,178	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ 4,081</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ 4,081</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 6,044</u>	<u>\$ 4,081</u>	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WARRICK COUNTY 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
 (Continued)

	WCSC Educator's Scholarship	Exploration of S.S.P.	Literacy Celebration Grant	Learning Exchange	WCSC Disaster Relief Donation	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 2,531	\$ -	\$ 16,241
Deductions:						
Administrative and general	600	6,260	95	1,609	-	34,681
Excess (deficiency) of total additions over total deductions	(600)	(6,260)	(95)	922	-	(18,440)
Cash and investment fund balance - beginning	2,500	6,260	95	139	5	31,829
Cash and Investments - June 30	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>	<u>\$ 5</u>	<u>\$ 13,389</u>
Net assets:						
Cash and investments	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>	<u>\$ 5</u>	<u>\$ 13,389</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>	<u>\$ 5</u>	<u>\$ 13,389</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Tobacco Prevention 2006-2007	SINE Model Tech Grant	Poverty Grant	WCSC Educator's Scholarship	Toolbox for Education	Alcoa Foundation	BHS Electric Vehicle	Learning Exchange	WCSC Disaster Relief Donation	Totals
Additions:										
Contributions:										
Other	\$ 755	\$ -	\$ -	\$ -	\$ 8,000	\$ 12,500	\$ 6,000	\$ 5,766	\$ -	\$ 33,021
Deductions:										
Administrative and general	6,239	4,081	298	750	3,000	12,456	3,969	5,545	-	36,338
Excess (deficiency) of total additions over total deductions	(5,484)	(4,081)	(298)	(750)	5,000	44	2,031	221	-	(3,317)
Cash and investment fund balance - beginning	6,044	4,081	298	1,900	-	-	-	1,061	5	13,389
Cash and investments - June 30	<u>\$ 560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 5,000</u>	<u>\$ 44</u>	<u>\$ 2,031</u>	<u>\$ 1,282</u>	<u>\$ 5</u>	<u>\$ 10,072</u>
Net assets:										
Cash and investments	<u>\$ 560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 5,000</u>	<u>\$ 44</u>	<u>\$ 2,031</u>	<u>\$ 1,282</u>	<u>\$ 5</u>	<u>\$ 10,072</u>
Total net assets - cash and investment basis held in trust	<u>\$ 560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 5,000</u>	<u>\$ 44</u>	<u>\$ 2,031</u>	<u>\$ 1,282</u>	<u>\$ 5</u>	<u>\$ 10,072</u>

WARRICK COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended July 30, 2008

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	\$ 938,164
Buildings	127,995,381
Machinery and equipment	<u>9,664,838</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 138,598,383</u>

WARRICK COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended June 30, 2008

The School Corporation has entered into the following capital leases and bonds payable:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Elberfeld and J. H. Castle Elementary Schools	\$ 3,138,099	\$ 1,860,000
Boonville Junior High School	2,877,004	953,000
Boonville High School and Castle Junior High School	17,515,000	795,000
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>10,380,000</u>	<u>959,284</u>
Total governmental activities debt	<u>\$ 33,910,103</u>	<u>\$ 4,567,284</u>

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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 WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

Compliance

We have audited the compliance of the Warrick County 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 is applicable to its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is 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 its major federal program 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 is applicable to its major federal program for the years ended June 30, 2007 and 2008.

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, school board, 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

February 24, 2009

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 168,067	\$ 186,311
National School Lunch Program	10.555		<u>954,990</u>	<u>1,036,855</u>
Total for federal grantor agency			<u>1,123,057</u>	<u>1,223,166</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies				
FY 05-06	84.010	06-8130	191,565	-
FY 06-07		07-8130	544,664	179,159
FY 07-08		08-8130	-	724,403
SIG FY 06-07			19,090	-
SIG FY 07-08			<u>-</u>	<u>28,478</u>
Total for program			<u>755,319</u>	<u>932,040</u>
Safe & Drug-Free Schools and Communities - State Grants				
FY 05-06	84.186	05-096	21,406	-
FY 06-07		06-8130	17,935	8,721
FY 07-08		07-8130	<u>-</u>	<u>26,615</u>
Total for program			<u>39,341</u>	<u>35,336</u>
State Grants for Innovative Programs				
FY 05-06	84.298	06-8130	90,842	11,408
FY 06-07		07-8130	<u>-</u>	<u>97,307</u>
Total for program			<u>90,842</u>	<u>108,715</u>
Education Technology State Grants				
FY 05-06	84.318	05-8130	<u>10,058</u>	<u>-</u>
English Language Acquisition Grants				
FY 06-07	84.365		25,665	-
FY 07-08			<u>-</u>	<u>11,690</u>
Total for program			<u>25,665</u>	<u>11,690</u>
Improving Teacher Quality State Grants				
FY 05-06	84.367	05-086	136,243	-
FY 06-07		06-8130	149,439	55,511
FY 07-08		07-8130	<u>-</u>	<u>164,138</u>
Total for program			<u>285,682</u>	<u>219,649</u>
Emergency Impact Aid for Displaced Students				
FY 05-06	84.938		<u>20,625</u>	<u>-</u>
Total for federal grantor agency			<u>1,227,532</u>	<u>1,307,430</u>
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs				
FY 04-05		05-8130	8,718	-
FY 05-06		06-8130	<u>1,712</u>	<u>-</u>
Total for federal grantor agency			<u>10,430</u>	<u>-</u>
Total federal awards expended			<u>\$ 2,361,019</u>	<u>\$ 2,530,596</u>

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

WARRICK COUNTY 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 Warrick County 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 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, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2007</u>	<u>2008</u>
Child Nutrition Cluster	10.555	<u>\$ 125,469</u>	<u>\$ 138,350</u>

WARRICK COUNTY 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
Significant deficiencies 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
Significant deficiencies 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 Education Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WARRICK COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WARRICK COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2009, with Sarah Evans, Treasurer; Brad Schneider, Superintendent of Schools; Todd Armstrong, Assistant Superintendent of Schools; and Dorothy Kroeger, President of the School Board. Our audit disclosed no material items that warrant comment at this time.