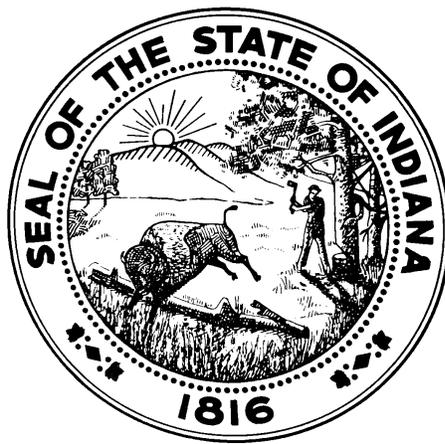


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
WHITKO COMMUNITY SCHOOL CORPORATION
KOSCIUSKO COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
04/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Philip R. Menzie	07-01-06 to 05-01-08
	Bruce H. Hippensteel (Interim)	05-02-08 to 06-01-08
	Thomas S. McFarland	06-02-08 to 06-30-09
Superintendent of Schools	Dr. Jeffrey A. Hendrix	07-01-06 to 07-11-07
	Bruce H. Hippensteel (Interim)	07-12-07 to 01-01-08
	Steven R. Clason	01-02-08 to 06-30-09
President of the School Board	Hal E. Trump	07-01-06 to 06-30-07
	Erwin P. Mitchell	07-01-07 to 06-30-08
	Deborah A. Collier	07-01-08 to 06-30-09



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 WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Whitko Community 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 March 26, 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

March 26, 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 WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Whitko Community 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 March 26, 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.

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

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

March 26, 2009

WHITKO COMMUNITY 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 (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,975,541	\$ -	\$ 92,146	\$ (6,883,395)
Support services	8,467,189	509,268	273,612	(7,684,309)
Community services	168,572	-	-	(168,572)
Nonprogrammed charges	2,929,120	-	-	(2,929,120)
Debt service	<u>3,167,113</u>	<u>-</u>	<u>-</u>	<u>(3,167,113)</u>
Total governmental activities	<u>\$ 21,707,535</u>	<u>\$ 509,268</u>	<u>\$ 365,758</u>	<u>(20,832,509)</u>
General receipts:				
Property taxes				4,217,433
Other local sources				1,182,629
State aid				7,984,870
Bonds and loans				2,988,952
Grants and contributions not restricted to specific programs				1,007,894
Sale of property, adjustments, and refunds				1,075,884
Investment earnings				<u>186,995</u>
Total general receipts				<u>18,644,657</u>
Change in net assets				(2,187,852)
Net assets - beginning				<u>6,186,166</u>
Net assets - ending				<u>\$ 3,998,314</u>
<u>Assets</u>				
Cash and investments				\$ 2,648,353
Restricted assets:				
Cash and investments				<u>1,349,961</u>
Total assets				<u>\$ 3,998,314</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 833,466
Other purposes				516,495
Unrestricted				<u>2,648,353</u>
Total net assets				<u>\$ 3,998,314</u>

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

WHITKO COMMUNITY 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>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,859,213	\$ -	\$ 126,793	\$ (6,732,420)
Support services	7,498,979	478,035	294,771	(6,726,173)
Community services	169,606	-	-	(169,606)
Nonprogrammed charges	3,031,433	-	-	(3,031,433)
Debt service	<u>5,982,521</u>	<u>-</u>	<u>-</u>	<u>(5,982,521)</u>
Total governmental activities	<u>\$ 23,541,752</u>	<u>\$ 478,035</u>	<u>\$ 421,564</u>	<u>(22,642,153)</u>
General receipts:				
Property taxes				7,779,372
Other local sources				1,427,633
State aid				7,541,142
Bonds and loans				2,732,749
Grants and contributions not restricted to specific programs				911,494
Sale of property, adjustments, and refunds				1,037,715
Investment earnings				<u>108,348</u>
Total general receipts				<u>21,538,453</u>
Change in net assets				(1,103,700)
Net assets - beginning				<u>3,998,314</u>
Net assets - ending				<u>\$ 2,894,614</u>
<u>Assets</u>				
Cash and investments				\$ 1,536,366
Restricted assets:				
Cash and investments				<u>1,358,248</u>
Total assets				<u>\$ 2,894,614</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 746,155
Other purposes				612,093
Unrestricted				<u>1,536,366</u>
Total net assets				<u>\$ 2,894,614</u>

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

WHITKO COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 2,348,911	\$ 457,321	\$ 250,468	\$ 1,284,764	\$ 1,015,080	\$ 142,555	\$ 29,321	\$ 566,810	\$ 6,095,230
Intermediate sources	343	-	-	-	-	-	-	750	1,093
State sources	8,063,075	-	29,565	-	-	-	-	184,356	8,276,996
Federal sources	-	-	-	-	-	-	-	1,082,536	1,082,536
Bonds and loans	1,641,398	313,441	-	321,339	559,318	153,456	-	-	2,988,952
Sale of property, adjustments and refunds	27,050	365	-	-	787	-	-	18,410	46,612
Total receipts	12,080,777	771,127	280,033	1,606,103	1,575,185	296,011	29,321	1,852,862	18,491,419
Disbursements:									
Current:									
Instruction	6,696,201	-	-	-	-	-	-	472,151	7,168,352
Support services	2,675,896	774,176	291,771	-	1,204,723	240,163	2,155,707	1,124,753	8,467,189
Community services	143,084	-	-	-	-	-	-	25,488	168,572
Nonprogrammed charges	1,937,659	-	-	-	-	-	-	15,764	1,953,423
Debt services	637,597	212,726	-	1,671,062	482,880	67,579	-	95,269	3,167,113
Total disbursements	12,090,437	986,902	291,771	1,671,062	1,687,603	307,742	2,155,707	1,733,425	20,924,649
Excess (deficiency) of receipts over disbursements	(9,660)	(215,775)	(11,738)	(64,959)	(112,418)	(11,731)	(2,126,386)	119,437	(2,433,230)
Other financing sources (uses):									
Transfers in	-	50,489	-	-	-	-	-	41,293	91,782
Transfers out	-	-	-	(50,489)	-	-	-	(41,293)	(91,782)
Total other financing sources (uses)	-	50,489	-	(50,489)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,660)	(165,286)	(11,738)	(115,448)	(112,418)	(11,731)	(2,126,386)	119,437	(2,433,230)
Cash and investments - beginning	1,165,837	275,883	231,877	933,376	654,242	36,142	2,216,151	401,541	5,915,049
Cash and investments - ending	<u>\$ 1,156,177</u>	<u>\$ 110,597</u>	<u>\$ 220,139</u>	<u>\$ 817,928</u>	<u>\$ 541,824</u>	<u>\$ 24,411</u>	<u>\$ 89,765</u>	<u>\$ 520,978</u>	3,481,819
Amounts reported for governmental activities in the Statement of 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 of the internal service fund is included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									516,495
Net assets of governmental activities									<u>\$ 3,998,314</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,156,177	\$ 110,597	\$ 220,139	\$ -	\$ 541,824	\$ 24,411	\$ 89,765	\$ 505,440	\$ 2,648,353
Restricted assets:									
Cash and investments	-	-	-	817,928	-	-	-	15,538	833,466
Total cash and investment assets - ending	<u>\$ 1,156,177</u>	<u>\$ 110,597</u>	<u>\$ 220,139</u>	<u>\$ 817,928</u>	<u>\$ 541,824</u>	<u>\$ 24,411</u>	<u>\$ 89,765</u>	<u>\$ 520,978</u>	<u>\$ 3,481,819</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 817,928	\$ -	\$ -	\$ -	\$ 15,538	\$ 833,466
Unrestricted	1,156,177	110,597	220,139	-	541,824	24,411	89,765	505,440	2,648,353
Total cash and investment fund balance - ending	<u>\$ 1,156,177</u>	<u>\$ 110,597</u>	<u>\$ 220,139</u>	<u>\$ 817,928</u>	<u>\$ 541,824</u>	<u>\$ 24,411</u>	<u>\$ 89,765</u>	<u>\$ 520,978</u>	<u>\$ 3,481,819</u>

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

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

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 3,451,686	\$ 740,269	\$ 264,121	\$ 2,804,696	\$ 1,720,713	\$ 211,404	\$ 328	\$ 599,549	\$ 9,792,766
Intermediate sources	246	-	-	-	-	-	-	375	621
State sources	7,634,086	-	57,350	-	-	-	-	101,225	7,792,661
Federal sources	-	-	-	-	-	-	-	1,081,540	1,081,540
Bonds and loans	1,152,813	345,881	-	349,501	732,848	151,706	-	-	2,732,749
Sale of property, adjustments and refunds	14,791	159	-	-	3,336	-	-	17,930	36,216
Total receipts	12,253,622	1,086,309	321,471	3,154,197	2,456,897	363,110	328	1,800,619	21,436,553
Disbursements:									
Current:									
Instruction	7,351,331	-	-	-	-	-	-	490,082	7,841,413
Support services	3,064,724	847,786	223,784	-	1,965,535	253,636	-	1,329,901	7,685,366
Community services	150,447	-	-	-	-	-	-	19,159	169,606
Nonprogrammed charges	940,844	-	-	-	-	-	-	16,101	956,945
Debt services	1,641,398	313,441	-	3,219,639	559,318	153,456	-	95,269	5,982,521
Total disbursements	13,148,744	1,161,227	223,784	3,219,639	2,524,853	407,092	-	1,950,512	22,635,851
Excess (deficiency) of receipts over disbursements	(895,122)	(74,918)	97,687	(65,442)	(67,956)	(43,982)	328	(149,893)	(1,199,298)
Other financing sources (uses):									
Transfers in	-	-	16,437	-	-	-	-	60,149	76,586
Transfers out	-	-	-	(16,437)	-	-	-	(60,149)	(76,586)
Total other financing sources (uses)	-	-	16,437	(16,437)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(895,122)	(74,918)	114,124	(81,879)	(67,956)	(43,982)	328	(149,893)	(1,199,298)
Cash and investments - beginning	1,156,177	110,597	220,139	817,928	541,824	24,411	89,765	520,978	3,481,819
Cash and investments - ending	<u>\$ 261,055</u>	<u>\$ 35,679</u>	<u>\$ 334,263</u>	<u>\$ 736,049</u>	<u>\$ 473,868</u>	<u>\$ (19,571)</u>	<u>\$ 90,093</u>	<u>\$ 371,085</u>	2,282,521
Amounts reported for governmental activities in the Statement of 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 of the internal service fund is included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									612,093
Net assets of governmental activities									<u>\$ 2,894,614</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 261,055	\$ 35,679	\$ 334,263	\$ -	\$ 473,868	\$ (19,571)	\$ 90,093	\$ 360,979	\$ 1,536,366
Restricted assets:									
Cash and investments	-	-	-	736,049	-	-	-	10,106	746,155
Total cash and investment assets - ending	<u>\$ 261,055</u>	<u>\$ 35,679</u>	<u>\$ 334,263</u>	<u>\$ 736,049</u>	<u>\$ 473,868</u>	<u>\$ (19,571)</u>	<u>\$ 90,093</u>	<u>\$ 371,085</u>	<u>\$ 2,282,521</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 736,049	\$ -	\$ -	\$ -	\$ 10,106	\$ 746,155
Unrestricted	261,055	35,679	334,263	-	473,868	(19,571)	90,093	360,979	1,536,366
Total cash and investment fund balance - ending	<u>\$ 261,055</u>	<u>\$ 35,679</u>	<u>\$ 334,263</u>	<u>\$ 736,049</u>	<u>\$ 473,868</u>	<u>\$ (19,571)</u>	<u>\$ 90,093</u>	<u>\$ 371,085</u>	<u>\$ 2,282,521</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,091,803
Miscellaneous	1,029,272
Total operating receipts	3,121,075
Operating disbursements:	
Insurance claims and expense	2,875,697
Change in net assets	245,378
Cash and investment fund balance - beginning	271,117
Cash and investment fund balance - ending	\$ 516,495
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 516,495
Total cash and investment assets - ending	\$ 516,495
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 516,495
Total cash and investment fund balance - ending	\$ 516,495

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,053,587
Miscellaneous	<u>1,001,499</u>
Total operating receipts	<u>3,055,086</u>
Operating disbursements:	
Insurance claims and expense	1,569,127
Other	<u>1,390,361</u>
Total operating disbursements	<u>2,959,488</u>
Change in net assets	95,598
Cash and investment fund balance - beginning	<u>516,495</u>
Cash and investment fund balance - ending	<u>\$ 612,093</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 612,093</u>
Total cash and investment assets - ending	<u>\$ 612,093</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 612,093</u>
Total cash and investment fund balance - ending	<u>\$ 612,093</u>

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

WHITKO COMMUNITY 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 Fund</u>	<u>Private-Purpose Trust Fund</u>
Additions:		
Contributions:		
Other	\$ -	\$ 98,638
Investment earnings:		
Interest	<u>90,214</u>	<u>135</u>
Total additions	<u>90,214</u>	<u>98,773</u>
Deductions:		
Benefits		
Administrative and general	<u>107,731</u>	<u>-</u>
Total deductions	<u>-</u>	<u>99,909</u>
Total deductions	<u>107,731</u>	<u>99,909</u>
Deficiency of total additions under total deductions	(17,517)	(1,136)
Cash and investment fund balance - beginning	<u>1,666,733</u>	<u>120,103</u>
Cash and investment fund balance - ending	<u>\$ 1,649,216</u>	<u>\$ 118,967</u>
Net assets:		
Cash and investments	<u>\$ 1,649,216</u>	<u>\$ 118,967</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,649,216</u>	<u>\$ 118,967</u>

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

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

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>
Additions:		
Contributions:		
Other	\$ -	\$ 83,317
Investment earnings:		
Interest	<u>61,951</u>	<u>-</u>
Total additions	<u>61,951</u>	<u>83,317</u>
Deductions:		
Benefits	73,852	-
Administrative and general	<u>-</u>	<u>79,309</u>
Total deductions	<u>73,852</u>	<u>79,309</u>
Excess (deficiency) of total additions over total deductions	(11,901)	4,008
Cash and investment fund balance - beginning	<u>1,649,216</u>	<u>118,967</u>
Cash and investment fund balance - ending	<u>\$ 1,637,315</u>	<u>\$ 122,975</u>
Net assets:		
Cash and investments	<u>\$ 1,637,315</u>	<u>\$ 122,975</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,637,315</u>	<u>\$ 122,975</u>

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the School Corporation (primary government).

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

Joint Ventures

The School Corporation is a participant with four other school corporations in a joint venture to operate North Central Indiana Special Education Cooperative (NCI) which was created to implement jointly operated services for the education of students with disabilities. NCI's continued existence depends on continued funding through a federal grant program. Participating school corporations employ personnel and provide facilities for local special education programs housed within its boundaries. Member school corporations are assessed their share of the program administrative costs. No other fees are assessed member school corporations for the operation of this program, unless personnel or facilities are shared with another member school corporation. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. As of June 30, 2008, NCI had \$546,208 payable to member school corporations. This balance resulted from selling the administration building and other sources. The School Corporation's share of this balance was \$72,318. Complete financial statements for NCI can be obtained from its administrative office at One Administration Drive, Warsaw, IN 46581.

The School Corporation is a participant with Tippecanoe Valley Community Schools and Warsaw Community Schools in a joint venture to operate the Alternative Instruction Method (AIM) which was created to provide alternative schooling. The School Corporation is obligated by contract to remit fees charged for slots available to the School Corporation annually to supplement AIM, whose continued existence depends on continued funding by the School Corporation. Complete financial statements for AIM can be obtained from the administrative office at 850 East Smith Street, Warsaw, Indiana, 46580.

The School Corporation is a participant with Tippecanoe Valley Community Schools and Warsaw Community Schools in a joint venture to operate Warsaw Area Career Center (Center) which was created to provide vocational education to its students. The School Corporation is obligated by contract to remit an amount annually based on a formula per ADM to supplement the Center, whose continued existence depends on continued funding by the School Corporation. Complete financial statements for the Center can be obtained from the administrative office at 1 Tiger Lane, Warsaw, IN 46580.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with Whitley County Consolidated Schools, Smith-Green School Corporation and the Whitley County Court System in a joint venture to operate the Youth Improvement Center, an alternative education program, which was created to offer alternative education for applicable students. The School Corporation is obligated to remit \$2,131 for each student to supplement the Youth Improvement Center, whose continued existence depends on continued funding by the School Corporation. Complete financial statements for the Youth Improvement Center can be obtained from the Youth Improvement Center at 201 W. Market St., Columbia City, Indiana, 46725.

The School Corporation is a participant with several other school corporations in a joint venture to operate the Northern Indiana Education Services Center (NIESC) which was created to provide educational services for the school corporations. The School Corporation is obligated by contract to remit fees based upon a formula per ADM annually, to supplement the NIESC, whose continued existence depends on continued funding by the School Corporation. Complete financial statements for NIESC can be obtained from the administrative office at 56535 Magnetic Drive, Mishawaka, Indiana, 46545.

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, at this time the School Corporation has no business-type activities.

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

The construction fund accounts for planned construction, replacement or remodeling of school corporation buildings.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the receipts and disbursements of the self-insurance fund, which is medical and dental insurance coverage for all employees.

The pension trust fund accounts for the activities of the retirement/severance bond fund, which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the individuals.

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. 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.

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.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 not 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.

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.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of 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. 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. 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.

WHITKO COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the calendar year ended December 31, 2006, disbursements exceeded budgeted appropriations in the following fund by the amount below:

<u>Fund</u>	<u>2006</u>
General	<u>\$ 154,069</u>

These disbursements were funded by an available fund balance.

C. Cash and Investment Balance Deficits

At June 30, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>June 30, 2008</u>
School Bus Replacement	\$ 19,571
Title V FY2008	2,908

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to late distributions of property taxes and timing of grant fund reimbursements; these deficits are to be repaid from future receipts.

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. 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

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

WHITKO COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

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

Transfer From	Transfer To	Year Ended June 30, 2007	Year Ended June 30, 2008
Debt Service	Transportation Operating	\$ 50,489	\$ -
	Textbook Rental	-	16,437
Other governmental funds	Other governmental funds	41,293	60,149
Totals		<u>\$ 91,782</u>	<u>\$ 76,586</u>

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental Funds	\$ 6,193,072	\$ (6,906)	\$ 6,186,166
Private-Purpose Trust Funds	113,197	6,906	120,103

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with employee and retiree health claims. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon calculations using trends in actual claims experience.

B. Holding Corporations

The School Corporation has entered into capital leases with Whitko Middle School Building Corporation, the Whitko Community School Corporation Remodeling Building Corporation and the Whitko 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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$2,386,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation with at least fifteen years of service. Currently, two retirees meet these eligibility requirements. The retirees provide 100% of the premium and the School Corporation pays for the covered health benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$8,666 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 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.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 74,073
Interest on net pension obligation	(4,566)
Adjustment to annual required contribution	5,203
Annual pension cost	74,710
Contributions made	52,812
Increase in net pension obligation	21,898
Net pension obligation, beginning of year	(62,975)
Net pension obligation, end of year	\$ (41,077)

	PERF
Contribution rates:	
School Corporation	5.75%
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

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	\$ 49,719	110%	\$ (80,699)
	06-30-06	63,704	72%	(62,975)
	06-30-07	74,710	71%	(41,077)

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$194,374, \$190,695, and \$186,033, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

WHITKO COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	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	\$ 1,263,054	\$ 1,278,249	\$ (15,195)	99%	\$ 1,141,967	(1%)
07-01-06	1,301,045	1,358,949	(57,904)	96%	1,134,220	(5%)
07-01-07	1,488,680	1,514,041	(25,361)	98%	1,093,379	(2%)

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

	Special Education Preschool	School Lunch	Education Plate	Alternative Education Grant	Early Intervention	Educate Indiana	Afternoons Rock
Receipts:							
Local sources	\$ 6,226	\$ 474,379	\$ -	\$ -	\$ -	\$ -	\$ 15,600
Intermediate sources	-	-	750	-	-	-	-
State sources	27,484	11,713	-	888	45,433	-	-
Federal sources	-	232,334	-	-	-	-	-
Sale of property, adjustments and refunds	-	18,410	-	-	-	-	-
Total receipts	33,710	736,836	750	888	45,433	-	15,600
Disbursements:							
Current:							
Instruction	44,161	-	-	-	34,834	-	10,908
Support services	-	714,255	-	-	-	-	52
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	15,764	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	44,161	730,019	-	-	34,834	-	10,960
Excess (deficiency) of receipts over disbursements	(10,451)	6,817	750	888	10,599	-	4,640
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	(10,451)	6,817	750	888	10,599	-	4,640
Cash and investments - beginning	74,384	158,896	1,369	2,065	1,262	12	(107)
Cash and investments - ending	\$ 63,933	\$ 165,713	\$ 2,119	\$ 2,953	\$ 11,861	\$ 12	\$ 4,533
Cash and Investment Assets - Ending							
Cash and investments	\$ 63,933	\$ 165,713	\$ 2,119	\$ 2,953	\$ 11,861	\$ 12	\$ 4,533
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 63,933	\$ 165,713	\$ 2,119	\$ 2,953	\$ 11,861	\$ 12	\$ 4,533
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	63,933	165,713	2,119	2,953	11,861	12	4,533
Total cash and investment fund balance - ending	\$ 63,933	\$ 165,713	\$ 2,119	\$ 2,953	\$ 11,861	\$ 12	\$ 4,533

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

	DEKKO-A-OK	Mini Grant Region 8 ESC	Gifted and Talented	Non English Speaking Program	School Technology	Buddy System Program-PES	Technology Plan Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	13,806	137	-	-	84,238
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	13,806	137	-	-	84,238
Disbursements:							
Current:							
Instruction	-	-	6,768	-	-	120	-
Support services	-	-	-	-	-	-	40
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	6,768	-	-	120	40
Excess (deficiency) of receipts over disbursements	-	-	7,038	137	-	(120)	84,198
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	-	-	7,038	137	-	(120)	84,198
Cash and investments - beginning	843	124	1,434	128	5	530	14
Cash and investments - ending	<u>\$ 843</u>	<u>\$ 124</u>	<u>\$ 8,472</u>	<u>\$ 265</u>	<u>\$ 5</u>	<u>\$ 410</u>	<u>\$ 84,212</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 843	\$ 124	\$ 8,472	\$ 265	\$ 5	\$ 410	\$ 84,212
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 843</u>	<u>\$ 124</u>	<u>\$ 8,472</u>	<u>\$ 265</u>	<u>\$ 5</u>	<u>\$ 410</u>	<u>\$ 84,212</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	843	124	8,472	265	5	410	84,212
Total cash and investment fund balance - ending	<u>\$ 843</u>	<u>\$ 124</u>	<u>\$ 8,472</u>	<u>\$ 265</u>	<u>\$ 5</u>	<u>\$ 410</u>	<u>\$ 84,212</u>

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

	Wal-Mart Grant	Kosciusko 21st Century	Keys-Kosc. Endowment Youth Service	Title I FY 2006	Title I Delinquent FY 2006	Title I FY 2007	Title I Delinquent FY 2007
Receipts:							
Local sources	\$ -	\$ 5,223	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	657	-	-	-	-
Federal sources	-	-	-	18,305	9,633	243,153	42,187
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	5,223	657	18,305	9,633	243,153	42,187
Disbursements:							
Current:							
Instruction	-	-	-	9,721	4,996	128,956	35,552
Support services	-	908	657	6,475	-	90,230	-
Community services	-	-	-	-	-	25,488	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	908	657	16,196	4,996	244,674	35,552
Excess (deficiency) of receipts over disbursements	-	4,315	-	2,109	4,637	(1,521)	6,635
Other financing sources (uses):							
Transfers in	-	-	-	-	-	14,240	11,687
Transfers out	-	-	-	(14,240)	(11,687)	-	-
Total other financing sources (uses)	-	-	-	(14,240)	(11,687)	14,240	11,687
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,315	-	(12,131)	(7,050)	12,719	18,322
Cash and investments - beginning	48	-	-	12,131	7,050	-	-
Cash and investments - ending	\$ 48	\$ 4,315	\$ -	\$ -	\$ -	\$ 12,719	\$ 18,322
Cash and Investment Assets - Ending							
Cash and investments	\$ 48	\$ 4,315	\$ -	\$ -	\$ -	\$ 12,719	\$ 18,322
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 48	\$ 4,315	\$ -	\$ -	\$ -	\$ 12,719	\$ 18,322
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	48	4,315	-	-	-	12,719	18,322
Total cash and investment fund balance - ending	\$ 48	\$ 4,315	\$ -	\$ -	\$ -	\$ 12,719	\$ 18,322

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

	Title V Project 4455 FY 2006	Title V Part A Project 04200	Special Services Federal 06-07	Special Services 05-06 Sliver	Special Services Carry Over 05-06	Special Services Preschool 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	2,935	-	357,429	928	-	1,505
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	2,935	-	357,429	928	-	1,505
Disbursements:						
Current:						
Instruction	-	-	98,072	-	-	56
Support services	2,935	7,227	193,604	2,744	9,288	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,935	7,227	291,676	2,744	9,288	56
Excess (deficiency) of receipts over disbursements	-	(7,227)	65,753	(1,816)	(9,288)	1,449
Other financing sources (uses):						
Transfers in	-	-	-	-	12,454	-
Transfers out	-	-	-	-	-	(2,912)
Total other financing sources (uses)	-	-	-	-	12,454	(2,912)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,227)	65,753	(1,816)	3,166	(1,463)
Cash and investments - beginning	-	7,227	-	1,816	-	1,463
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,753</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 65,753	\$ -	\$ 3,166	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,753</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	65,753	-	3,166	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,753</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ -</u>

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

	Special Services Preschool 06-07	Special Services Preschool Carry Over FY06	Safe/Drug Free (Prj 05031)	Special Services 05-06 Federal	Spec Ed School Age C/O '06	Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	7,470	-	2,670	78,865	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	7,470	-	2,670	78,865	-	-
Disbursements:						
Current:						
Instruction	2,113	2,912	-	40,949	-	-
Support services	-	-	8,672	36,595	1,180	81
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,113	2,912	8,672	77,544	1,180	81
Excess (deficiency) of receipts over disbursements	5,357	(2,912)	(6,002)	1,321	(1,180)	(81)
Other financing sources (uses):						
Transfers in	-	2,912	-	-	-	-
Transfers out	-	-	-	(12,454)	-	-
Total other financing sources (uses)	-	2,912	-	(12,454)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,357	-	(6,002)	(11,133)	(1,180)	(81)
Cash and investments - beginning	-	-	10,257	11,133	1,180	238
Cash and investments - ending	<u>\$ 5,357</u>	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,357	\$ -	\$ 4,255	\$ -	\$ -	\$ 157
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,357</u>	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,357	-	4,255	-	-	157
Total cash and investment fund balance - ending	<u>\$ 5,357</u>	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157</u>

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

	Team Nutrition Grant PES	Title II Part A Elementary	Title II Part D	ESL English Proficiency	School Pension Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 65,382	\$ 666,810
Intermediate sources	-	-	-	-	-	750
State sources	-	-	-	-	-	184,356
Federal sources	-	82,467	-	2,655	-	1,082,536
Sale of property, adjustments and refunds	-	-	-	-	-	18,410
Total receipts	-	82,467	-	2,655	65,382	1,852,862
Disbursements:						
Current:						
Instruction	1,447	46,953	-	3,633	-	472,151
Support services	-	48,068	1,742	-	-	1,124,753
Community services	-	-	-	-	-	25,488
Nonprogrammed charges	-	-	-	-	-	15,764
Debt services	-	-	-	-	95,269	95,269
Total disbursements	1,447	95,021	1,742	3,633	95,269	1,733,425
Excess (deficiency) of receipts over disbursements	(1,447)	(12,554)	(1,742)	(978)	(29,887)	119,437
Other financing sources (uses):						
Transfers in	-	-	-	-	-	41,293
Transfers out	-	-	-	-	-	(41,293)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,447)	(12,554)	(1,742)	(978)	(29,887)	119,437
Cash and investments - beginning	1,447	52,503	6,256	2,408	45,425	401,541
Cash and investments - ending	<u>\$ -</u>	<u>\$ 39,949</u>	<u>\$ 4,514</u>	<u>\$ 1,430</u>	<u>\$ 15,538</u>	<u>\$ 520,978</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 39,949	\$ 4,514	\$ 1,430	\$ -	\$ 505,440
Restricted assets:						
Cash and investments	-	-	-	-	15,538	15,538
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 39,949</u>	<u>\$ 4,514</u>	<u>\$ 1,430</u>	<u>\$ 15,538</u>	<u>\$ 520,978</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 15,538	\$ 15,538
Unrestricted	-	39,949	4,514	1,430	-	505,440
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 39,949</u>	<u>\$ 4,514</u>	<u>\$ 1,430</u>	<u>\$ 15,538</u>	<u>\$ 520,978</u>

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

	Special Education Preschool	Rainy Day	School Lunch	Education Plate	Alternative Education Grant	Early Intervention	Educate Indiana
Receipts:							
Local sources	\$ 9,178	\$ 20,134	\$ 471,820	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	375	-	-	-
State sources	20,344	-	11,325	-	-	35,358	-
Federal sources	-	-	225,998	-	-	-	-
Sale of property, adjustments and refunds	-	-	17,930	-	-	-	-
Total receipts	29,522	20,134	727,073	375	-	35,358	-
Disbursements:							
Current:							
Instruction	49,423	-	-	-	-	40,574	-
Support services	-	-	760,720	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	16,101	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	49,423	-	776,821	-	-	40,574	-
Excess (deficiency) of receipts over disbursements	(19,901)	20,134	(49,748)	375	-	(5,216)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,901)	20,134	(49,748)	375	-	(5,216)	-
Cash and investments - beginning	63,933	-	165,713	2,119	2,953	11,861	12
Cash and investments - ending	44,032	20,134	115,965	2,494	2,953	6,645	12
Cash and Investment Assets - Ending							
Cash and investments	\$ 44,032	\$ 20,134	\$ 115,965	\$ 2,494	\$ 2,953	\$ 6,645	\$ 12
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	44,032	20,134	115,965	2,494	2,953	6,645	12
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	44,032	20,134	115,965	2,494	2,953	6,645	12
Total cash and investment fund balance - ending	44,032	20,134	115,965	2,494	2,953	6,645	12

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

	Afternoons Rock	DEKKO-A-OK	Mini Grant Region 8 ESC	Gifted and Talented	Non English Speaking Program	School Technology
Receipts:						
Local sources	\$ 8,580	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	33,948	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,580	-	-	33,948	-	-
Disbursements:						
Current:						
Instruction	11,395	-	-	30,935	-	-
Support services	-	-	-	-	-	5
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	11,395	-	-	30,935	-	5
Excess (deficiency) of receipts over disbursements	(2,815)	-	-	3,013	-	(5)
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	(2,815)	-	-	3,013	-	(5)
Cash and investments - beginning	4,533	843	124	8,472	265	5
Cash and investments - ending	<u>\$ 1,718</u>	<u>\$ 843</u>	<u>\$ 124</u>	<u>\$ 11,485</u>	<u>\$ 265</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,718	\$ 843	\$ 124	\$ 11,485	\$ 265	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,718	\$ 843	\$ 124	\$ 11,485	\$ 265	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,718	843	124	11,485	265	-
Total cash and investment fund balance - ending	\$ 1,718	\$ 843	\$ 124	\$ 11,485	\$ 265	\$ -

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

	Buddy System Program-PES	Technology Plan Grant	Wal-Mart Grant	Kosciusko 21st Century	Keys-Kosc. Endowment Youth Service	Title I FY 2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	250	-
Federal sources	-	-	-	-	-	21,800
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	250	21,800
Disbursements:						
Current:						
Instruction	-	-	-	-	-	4,536
Support services	-	70,951	-	671	250	5,496
Community services	-	-	-	-	-	4,069
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	70,951	-	671	250	14,101
Excess (deficiency) of receipts over disbursements	-	(70,951)	-	(671)	-	7,699
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(20,418)
Total other financing sources (uses)	-	-	-	-	-	(20,418)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(70,951)	-	(671)	-	(12,719)
Cash and investments - beginning	410	84,212	48	4,315	-	12,719
Cash and investments - ending	<u>\$ 410</u>	<u>\$ 13,261</u>	<u>\$ 48</u>	<u>\$ 3,644</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 410	\$ 13,261	\$ 48	\$ 3,644	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 410</u>	<u>\$ 13,261</u>	<u>\$ 48</u>	<u>\$ 3,644</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	410	13,261	48	3,644	-	-
Total cash and investment fund balance - ending	<u>\$ 410</u>	<u>\$ 13,261</u>	<u>\$ 48</u>	<u>\$ 3,644</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title I FY 2008	Title I Delinquent FY 2007	Title I Delinquent FY 2008	Title V FY 2008	Special Services Federal 06-07	Special Services Federal 07-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	293,410	-	50,941	-	29,714	360,042
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	293,410	-	50,941	-	29,714	360,042
Disbursements:						
Current:						
Instruction	196,150	10,321	43,457	-	11,385	51,893
Support services	101,762	-	-	2,908	52,352	268,277
Community services	15,090	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	313,002	10,321	43,457	2,908	63,737	320,170
Excess (deficiency) of receipts over disbursements	(19,592)	(10,321)	7,484	(2,908)	(34,023)	39,872
Other financing sources (uses):						
Transfers in	20,418	-	8,001	-	-	-
Transfers out	-	(8,001)	-	-	(31,730)	-
Total other financing sources (uses)	20,418	(8,001)	8,001	-	(31,730)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	826	(18,322)	15,485	(2,908)	(65,753)	39,872
Cash and investments - beginning	-	18,322	-	-	65,753	-
Cash and investments - ending	\$ 826	\$ -	\$ 15,485	\$ (2,908)	\$ -	\$ 39,872
Cash and Investment Assets - Ending						
Cash and investments	\$ 826	\$ -	\$ 15,485	\$ (2,908)	\$ -	\$ 39,872
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 826	\$ -	\$ 15,485	\$ (2,908)	\$ -	\$ 39,872
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	826	-	15,485	(2,908)	-	39,872
Total cash and investment fund balance - ending	\$ 826	\$ -	\$ 15,485	\$ (2,908)	\$ -	\$ 39,872

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

	Special Services Carry Over 06-07	Special Services Carry Over 05-06	Special Services Preschool 06-07	Special Services Preschool 07-08	Safe/Drug Free (Prj 05031)	Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	2,327	5,113	4,005	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	2,327	5,113	4,005	-
Disbursements:						
Current:						
Instruction	-	-	786	-	-	-
Support services	28,017	3,166	-	-	6,828	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	28,017	3,166	786	-	6,828	-
Excess (deficiency) of receipts over disbursements	(28,017)	(3,166)	1,541	5,113	(2,823)	-
Other financing sources (uses):						
Transfers in	31,730	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	31,730	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,713	(3,166)	1,541	5,113	(2,823)	-
Cash and investments - beginning	-	3,166	5,357	-	4,255	157
Cash and investments - ending	<u>\$ 3,713</u>	<u>\$ -</u>	<u>\$ 6,898</u>	<u>\$ 5,113</u>	<u>\$ 1,432</u>	<u>\$ 157</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,713	\$ -	\$ 6,898	\$ 5,113	\$ 1,432	\$ 157
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,713</u>	<u>\$ -</u>	<u>\$ 6,898</u>	<u>\$ 5,113</u>	<u>\$ 1,432</u>	<u>\$ 157</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,713	-	6,898	5,113	1,432	157
Total cash and investment fund balance - ending	<u>\$ 3,713</u>	<u>\$ -</u>	<u>\$ 6,898</u>	<u>\$ 5,113</u>	<u>\$ 1,432</u>	<u>\$ 157</u>

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

	Non English Speaking Program	Title II Part A Elementary	Title II Part D	ESL English Proficiency	School Pension Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 89,837	\$ 599,549
Intermediate sources	-	-	-	-	-	375
State sources	-	-	-	-	-	101,225
Federal sources	2,109	84,578	-	1,503	-	1,081,540
Sale of property, adjustments and refunds	-	-	-	-	-	17,930
Total receipts	2,109	84,578	-	1,503	89,837	1,800,619
Disbursements:						
Current:						
Instruction	2,109	34,185	-	2,933	-	490,082
Support services	-	23,984	4,514	-	-	1,329,901
Community services	-	-	-	-	-	19,159
Nonprogrammed charges	-	-	-	-	-	16,101
Debt services	-	-	-	-	95,269	95,269
Total disbursements	2,109	58,169	4,514	2,933	95,269	1,950,512
Excess (deficiency) of receipts over disbursements	-	26,409	(4,514)	(1,430)	(5,432)	(149,893)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	60,149
Transfers out	-	-	-	-	-	(60,149)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	26,409	(4,514)	(1,430)	(5,432)	(149,893)
Cash and investments - beginning	-	39,949	4,514	1,430	15,538	520,978
Cash and investments - ending	\$ -	\$ 66,358	\$ -	\$ -	\$ 10,106	\$ 371,085
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 66,358	\$ -	\$ -	\$ -	\$ 360,979
Restricted assets:						
Cash and investments	-	-	-	-	10,106	10,106
Total cash and investment assets - ending	\$ -	\$ 66,358	\$ -	\$ -	\$ 10,106	\$ 371,085
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 10,106	\$ 10,106
Unrestricted	-	66,358	-	-	-	360,979
Total cash and investment fund balance - ending	\$ -	\$ 66,358	\$ -	\$ -	\$ 10,106	\$ 371,085

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

	<u>Log Cabin Donations</u>	<u>Donation for SWES Coats</u>	<u>Summer Arts WHS</u>	<u>Tobacco-Free Grant</u>	<u>INSAI Grant SWES</u>	<u>Industrial Tech Grant</u>
Additions:						
Contributions:						
Other	\$ 4,618	\$ 300	\$ -	\$ -	\$ -	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>4,618</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:						
Administrative and general	<u>1,743</u>	<u>-</u>	<u>414</u>	<u>94</u>	<u>281</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	2,875	300	(414)	(94)	(281)	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,014</u>	<u>4,896</u>	<u>996</u>	<u>326</u>
Cash and investment fund balance - ending	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ 600</u>	<u>\$ 4,802</u>	<u>\$ 715</u>	<u>\$ 326</u>
Net assets:						
Cash and investments	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ 600</u>	<u>\$ 4,802</u>	<u>\$ 715</u>	<u>\$ 326</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ 600</u>	<u>\$ 4,802</u>	<u>\$ 715</u>	<u>\$ 326</u>

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

	Library Tech Fund	Preschool	DEKKO: All Write Program	Donald Love Scholarship	Driver Education	Lyall Grants
Additions:						
Contributions:						
Other	\$ 12,000	\$ 22,898	\$ -	\$ -	\$ 48,761	\$ -
Investment earnings:						
Interest	-	-	-	135	-	-
Total additions	<u>12,000</u>	<u>22,898</u>	<u>-</u>	<u>135</u>	<u>48,761</u>	<u>-</u>
Deductions:						
Administrative and general	<u>25,000</u>	<u>22,831</u>	<u>2,475</u>	<u>100</u>	<u>38,106</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(13,000)	67	(2,475)	35	10,655	-
Cash and investment fund balance - beginning	<u>13,000</u>	<u>58,241</u>	<u>3,487</u>	<u>2,671</u>	<u>17,227</u>	<u>796</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 58,308</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,882</u>	<u>\$ 796</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 58,308</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,882</u>	<u>\$ 796</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 58,308</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,882</u>	<u>\$ 796</u>

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

	<u>Outdoor Lab</u>	<u>DEKKO Grant/ Technology</u>	<u>Hands Foundation Grant</u>	<u>DEKKO Grant</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 3,226	\$ 6,835	\$ 98,638
Investment earnings:					
Interest	-	-	-	-	135
Total additions	<u>-</u>	<u>-</u>	<u>3,226</u>	<u>6,835</u>	<u>98,773</u>
Deductions:					
Administrative and general	<u>-</u>	<u>-</u>	<u>2,618</u>	<u>6,247</u>	<u>99,909</u>
Excess (deficiency) of total additions over total deductions	-	-	608	588	(1,136)
Cash and investment fund balance - beginning	<u>165</u>	<u>6,410</u>	<u>1,931</u>	<u>8,943</u>	<u>120,103</u>
Cash and investment fund balance - ending	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,539</u>	<u>\$ 9,531</u>	<u>\$ 118,967</u>
Net assets:					
Cash and investments	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,539</u>	<u>\$ 9,531</u>	<u>\$ 118,967</u>
Total net assets - cash and investment basis held in trust	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,539</u>	<u>\$ 9,531</u>	<u>\$ 118,967</u>

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

	<u>Log Cabin Donations</u>	<u>Donation for SWES Coats</u>	<u>Summer Arts WHS</u>	<u>Tobacco-Free Grant</u>	<u>INSAI Grant SWES</u>	<u>EMT Donations</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,050
Deductions:						
Administrative and general	-	-	600	-	550	7,657
Excess (deficiency) of total additions over total deductions	-	-	(600)	-	(550)	393
Cash and investment fund balance - beginning	<u>2,875</u>	<u>300</u>	<u>600</u>	<u>4,802</u>	<u>715</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 4,802</u>	<u>\$ 165</u>	<u>\$ 393</u>
Net assets:						
Cash and investments	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 4,802</u>	<u>\$ 165</u>	<u>\$ 393</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,875</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 4,802</u>	<u>\$ 165</u>	<u>\$ 393</u>

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Health Program	Industrial Tech Grant	Preschool	DEKKO: All Write Program	Donald Love Scholarship	Driver Education
Additions:						
Contributions:						
Other	\$ 8,242	\$ -	\$ 18,567	\$ -	\$ -	\$ 27,622
Deductions:						
Administrative and general	5,579	-	26,814	-	-	27,587
Excess (deficiency) of total additions over total deductions	2,663	-	(8,247)	-	-	35
Cash and investment fund balance - beginning	-	326	58,308	1,012	2,706	27,882
Cash and investment fund balance - ending	<u>\$ 2,663</u>	<u>\$ 326</u>	<u>\$ 50,061</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,917</u>
Net assets:						
Cash and investments	<u>\$ 2,663</u>	<u>\$ 326</u>	<u>\$ 50,061</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,917</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,663</u>	<u>\$ 326</u>	<u>\$ 50,061</u>	<u>\$ 1,012</u>	<u>\$ 2,706</u>	<u>\$ 27,917</u>

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Lyll Grants	Outdoor Lab	DEKKO Grant/ Technology	Hands Foundation Grant	DEKKO Grant	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 3,420	\$ 17,416	\$ 83,317
Deductions:						
Administrative and general	-	-	-	3,476	7,046	79,309
Excess (deficiency) of total additions over total deductions	-	-	-	(56)	10,370	4,008
Cash and investment fund balance - beginning	796	165	6,410	2,539	9,531	118,967
Cash and investment fund balance - ending	<u>\$ 796</u>	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,483</u>	<u>\$ 19,901</u>	<u>\$ 122,975</u>
Net assets:						
Cash and investments	<u>\$ 796</u>	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,483</u>	<u>\$ 19,901</u>	<u>\$ 122,975</u>
Total net assets - cash and investment basis held in trust	<u>\$ 796</u>	<u>\$ 165</u>	<u>\$ 6,410</u>	<u>\$ 2,483</u>	<u>\$ 19,901</u>	<u>\$ 122,975</u>

WHITKO COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 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	\$ 142,800
Buildings	35,738,230
Improvements other than buildings	905,032
Machinery and equipment	<u>3,214,463</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 40,000,525</u>

WHITKO COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Whitko Middle School	\$ 4,510,000	\$ 1,165,900
Remodeling Lease	1,800,000	517,251
Whitko High School Additions and Renovations	15,835,000	755,700
Bonds payable:		
General obligation bonds:		
Teacher's Pension Bonds	<u>1,825,000</u>	<u>95,269</u>
Total governmental activities debt	<u>\$ 23,970,000</u>	<u>\$ 2,534,120</u>

WHITKO COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The General Fund expenditures exceeded budgeted appropriations by \$154,069 in 2006.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COMPENSATION AND BENEFITS - APPRECIATION STIPENDS

Six School Corporation employees received appreciation stipends totaling \$8,500 during August of 2007 for additional duties performed during the Whitko High School Renovation project. The employment contracts and/or salary schedules were not amended to include these stipends.

Official Attorney General Opinion No. 89-5, issued February 24, 1989, provides the following conclusion: "Indiana school corporations are not currently authorized by statute to pay certified and non-certified employees "appreciation stipends", "bonuses", or other compensation, regardless of the nomenclature used, in addition to compensation or benefits agreed to or fixed by contract or salary schedule, except additional salaries to be paid for continuing education pursuant to Indiana Code Chapter 20-6.1-1 and the annual stipend to be paid to mentors by the State pursuant to Indiana Code Chapter 20-6.1-8." (The School Administrator and Uniform Compliance Guidelines, June 1999)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WHITKO COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CORPORATION CREDIT CARD ITEMIZATION

Meals and room service for a National School Board conference in 2008 were charged to a School Corporation credit card. The claim submitted to pay the credit card charges lacked adequate detailed documentation. The attached itemization did not identify the School Corporation employees in attendance and did not provide a detail of room service charges.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS (Applies to Whitko Middle School)

Sixty percent of the receipts examined were not deposited in the same form in which they were received and twenty percent of the receipts did not identify the type of payment received (cash, check, money order).

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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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 WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of the Whitko Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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, 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

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)

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.

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.

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

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

March 26, 2009

WHITKO COMMUNITY 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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 26,344	\$ 29,618
National School Lunch Program	10.555		253,041	275,330
Total for federal grantor agency			279,385	304,948
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Warsaw Community Schools Special Education Cluster				
Special Education - Grants to States	84.027	14205-045-PY02	1,180	-
		14205-045-DY01	2,745	-
		14206-045-PN01	77,544	-
		14206-045-PY02	9,288	3,166
		14207-045-PN01	291,675	63,737
		14207-045-PY02	-	28,017
		14208-045-PN01	-	320,169
Total for program			382,432	415,089
Special Education - Preschool Grants	84.173	47705-045-PY02	56	-
		45706-045-PY02	2,912	-
		45707-045-PN01	2,112	786
Total for program			5,080	786
Total for cluster			387,512	415,875
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	06-4455	16,197	-
		07-4455	244,675	14,101
		08-4455	-	313,002
		Part D Delinquent FY 2006	4,996	-
		Part D Delinquent FY 2007	35,553	10,321
		Part D Delinquent FY 2008	-	43,457
Total for program			301,421	380,881
Pass-Through Warsaw Community Schools Vocational Education - Basic Grants To States	84.048	07-4700	7,045	-
		08-4700	-	6,175
Total for program			7,045	6,175
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	04-217	1,265	-
		05-031	7,047	1,945
		4455-06	360	4,882
Total for program			8,672	6,827
State Grants for Innovative Programs	84.298	04-200	7,227	-
		06-4455	2,935	-
		07-4455	-	2,908
Total for program			10,162	2,908
Education Technology State Grants	84.318	FY 2005	1,742	-
		FY 2006	-	4,514
Total for program			1,742	4,514
English Language Acquisition Grants	84.365	FY 2006	2,408	-
		FY 2007	1,225	1,430
		FY 2008	-	1,503
Total for program			3,633	2,933
Improving Teacher Quality State Grants	84.367	FY 2006	52,503	-
		FY 2007	42,519	39,948
		FY 2008	-	18,220
Total for program			95,022	58,168
Total for federal grantor agency			815,209	878,281
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Geminus Corporation Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY 2007	10,959	-
		FY 2008	-	11,395
Total for federal grantor agency			10,959	11,395
Total federal awards expended			\$ 1,105,553	\$ 1,194,624

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
Title I Grants to Local Educational Agencies	84.010	<u>\$ 40,549</u>	<u>\$ 53,778</u>

III. 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.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2007	For the Year Ended June 30, 2008
Child Nutrition Cluster Food Commodities National School Lunch Program	10.555	<u>\$ 47,052</u>	<u>\$ 47,251</u>

WHITKO COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 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	Child Nutrition Cluster Special Education 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.



WHITKO COMMUNITY SCHOOL CORPORATION

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SUPERINTENDENT
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BOARD OF EDUCATION
Deb Collier – President
Roger Boggs Terry Eberly
Cynthia Kreger Pete Mitchell

Feb 16, 2009

Finding No. 2004-1 & 2006-1

Original SBA Audit Report Number B25028 & B29567

Fiscal Year(s) 2003-2006

Auditee Contact Person: Tom McFarland, Director of Financial Operations

Phone Number 574-594-2658

Status of Finding:

In regards to the above-referenced audit findings, a system was put in place that helped correct the past issues dealing with Federal grants. Grants are now monitored more closely and expenditures are charged to the correct accounts and correct funds. If an account is overspent, an amendment is filed to adjust the original budget. Grants are currently being spent and closed out in the proper period of availability.

Thomas McFarland

2/16/09

WHITKO COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2009, with Thomas S. McFarland, Treasurer; Steven R. Clason, Superintendent of Schools; and Deborah A. Collier, President of the School Board.

The contents of this report were discussed on March 26, 2009, with Philip R. Menzie, former Treasurer. The official response has been made a part of this report and may be found on page 59.

Philip R. Menzie
765 S. Robinson Lake Road
Pierceton, IN 46562

March 26, 2009

TO: Pat Brandenburg
Indiana State Board of Accounts

FROM: Phil Menzie

RE: Responses to State Board of Accounts Audit Comments for Whitko Community Schools
Audit Period July 1, 2006 to June 30, 2008

1. Over spending of approved appropriations for General Fund in 2006.

By using the SBA approved account and object numbers for a "transfer" (43100-700), I made an entry in December, 2006 in the amount of \$250,000 to move funds from the General Fund to the Self-Insurance Fund. At that point, I considered it to be a "transfer" as opposed to an expenditure (use of appropriation).

2. Payment of stipends related to Whitko High School renovation project.

The Board had discussed for some months the appropriateness of these payments with the former Superintendent. When the stipends were finally approved at a public meeting by Board vote, the Board had been informed that these stipends would have to be paid from the General Fund, not the Construction Fund, as initially thought. It would be my contention that these payments were Board-approved, and therefore, in compliance with applicable rules for payment to employees.

3. Credit card reimbursement for meals at National School Boards Association conference without proper receipt.

These meals were reimbursed to the Board member who submitted the expense. It was noted at the time that the receipt should have been itemized as to what was purchased, but the Board member didn't have the itemized copy.

4. Whitko Middle School deposit transactions.

Ms. Yeager has been in her position for quite sometime and is aware of the applicable rules for deposits and recording of checks received. However, there may have been times where a family has only written one check for numerous accounts, and Ms. Yeager made what she believed to be an acceptable decision to be sure the school received the funds they were entitled to.

Having left Whitko Community Schools April 30, 2008, shortly before the end of the two-year audit period, I recognize that there may have been things that transpired under my "watch" that may have brought up questions. While I appreciate your giving me the opportunity to respond to some of those questions, I would have hoped had I still been at Whitko during the audit, I might have been able to address those issues so that they might not have resulted in Audit Results and Comments in the final report.