

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

AUDIT REPORT

OF

WA-NEE COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/11/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet M. Gruwell Roger B. Zentz	07-01-06 to 03-23-08 03-24-08 to 06-30-09
Superintendent of Schools	Joseph M. Sabo	07-01-06 to 06-30-09
President of the School Board	Chris Gillam Eric Brown	07-01-06 to 06-30-08 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 WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wa-Nee Community Schools (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 pre-scribed 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 April 15, 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

April 15, 2009



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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 WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wa-Nee Community Schools (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 April 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 15, 2009

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 15,339,851	\$ -	\$ 98,128	\$ (15,241,723)
Support services	9,669,586	998,104	448,369	(8,223,113)
Community services	256,374	-	-	(256,374)
Nonprogrammed charges	3,139,813	-	-	(3,139,813)
Debt service	<u>7,716,843</u>	<u>-</u>	<u>-</u>	<u>(7,716,843)</u>
 Total government	 <u>\$ 36,122,467</u>	 <u>\$ 998,104</u>	 <u>\$ 546,497</u>	 <u>(34,577,866)</u>
 General receipts:				
Property taxes				9,289,292
Other local sources				4,510,055
State aid				11,445,922
Bonds and loans				5,747,160
Grants and contributions not restricted to specific programs				1,567,025
Sale of property, adjustments, and refunds				34,727
Investment earnings				<u>427,885</u>
 Total general receipts				 <u>33,022,066</u>
 Change in net assets				 (1,555,800)
 Net assets - beginning				 <u>5,384,115</u>
 Net assets - ending				 <u>\$ 3,828,315</u>
 <u>Assets</u>				
Cash and investments				\$ 2,492,098
Restricted assets:				
Cash and investments				<u>1,336,217</u>
 Total assets				 <u>\$ 3,828,315</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 230,021
Other purposes				1,106,196
Unrestricted				<u>2,492,098</u>
 Total net assets				 <u>\$ 3,828,315</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 14,202,744	\$ -	\$ 205,735	\$ (13,997,009)
Support services	10,642,614	978,087	504,873	(9,159,654)
Community services	288,497	-	-	(288,497)
Nonprogrammed charges	3,664,251	-	-	(3,664,251)
Debt service	<u>11,162,166</u>	<u>-</u>	<u>-</u>	<u>(11,162,166)</u>
Total government	<u>\$ 39,960,272</u>	<u>\$ 978,087</u>	<u>\$ 710,608</u>	<u>(38,271,577)</u>
General receipts:				
Property taxes				17,431,404
Other local sources				3,789,018
State aid				10,920,331
Bonds and loans				5,988,832
Grants and contributions not restricted to specific programs				1,554,406
Sale of property, adjustments, and refunds				48,929
Investment earnings				<u>218,149</u>
Total general receipts				<u>39,951,069</u>
Change in net assets				1,679,492
Net assets - beginning				<u>3,828,315</u>
Net assets - ending				<u>\$ 5,507,807</u>
<u>Assets</u>				
Cash and investments				\$ 4,014,686
Restricted assets:				
Cash and investments				<u>1,493,121</u>
Total assets				<u>\$ 5,507,807</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 450,732
Other purposes				1,042,389
Unrestricted				<u>4,014,686</u>
Total net assets				<u>\$ 5,507,807</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 5,037,251	\$ 970,925	\$ 3,485,670	\$ 2,318,897	\$ 158,832	\$ 1,106,597	\$ 13,078,172
Intermediate sources	441	-	-	-	-	2,400	2,841
State sources	11,523,625	-	-	-	-	230,047	11,753,672
Federal sources	-	-	-	-	-	1,819,987	1,819,987
Bonds and loans	3,063,756	707,102	1,649,598	-	179,624	147,080	5,747,160
Sale of property, adjustments and refunds	12,107	22,059	-	-	-	561	34,727
Total receipts	<u>19,637,180</u>	<u>1,700,086</u>	<u>5,135,268</u>	<u>2,318,897</u>	<u>338,456</u>	<u>3,306,672</u>	<u>32,436,559</u>
Disbursements:							
Current:							
Instruction	14,095,847	-	-	-	-	1,258,219	15,354,066
Support services	4,089,909	1,588,774	-	2,280,382	282,716	1,427,805	9,669,586
Community services	249,453	-	-	-	-	6,921	256,374
Nonprogrammed charges	1,018,276	-	-	-	-	239,745	1,258,021
Debt services	938,109	494,780	5,843,712	-	92,259	347,983	7,716,843
Total disbursements	<u>20,391,594</u>	<u>2,083,554</u>	<u>5,843,712</u>	<u>2,280,382</u>	<u>374,975</u>	<u>3,280,673</u>	<u>34,254,890</u>
Excess (deficiency) of receipts over disbursements	<u>(754,414)</u>	<u>(383,468)</u>	<u>(708,444)</u>	<u>38,515</u>	<u>(36,519)</u>	<u>25,999</u>	<u>(1,818,331)</u>
Other financing sources (uses):							
Transfers in	11,323	33,900	-	-	-	61,641	106,864
Transfers out	-	-	(33,900)	-	-	(72,964)	(106,864)
Total other financing sources (uses)	<u>11,323</u>	<u>33,900</u>	<u>(33,900)</u>	<u>-</u>	<u>-</u>	<u>(11,323)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(743,091)</u>	<u>(349,568)</u>	<u>(742,344)</u>	<u>38,515</u>	<u>(36,519)</u>	<u>14,676</u>	<u>(1,818,331)</u>
Cash and investments - beginning	<u>370,548</u>	<u>491,115</u>	<u>972,365</u>	<u>2,665,363</u>	<u>(11,170)</u>	<u>52,229</u>	<u>4,540,450</u>
Cash and investments - ending	<u><u>\$ (372,543)</u></u>	<u><u>\$ 141,547</u></u>	<u><u>\$ 230,021</u></u>	<u><u>\$ 2,703,878</u></u>	<u><u>\$ (47,689)</u></u>	<u><u>\$ 66,905</u></u>	<u><u>2,722,119</u></u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>1,106,196</u>
Net assets of governmental activities							<u><u>\$ 3,828,315</u></u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (372,543)	\$ 141,547	\$ -	\$ 2,703,878	\$ (47,689)	\$ 66,905	\$ 2,492,098
Restricted assets:							
Cash and investments	-	-	230,021	-	-	-	230,021
Total cash and investment assets - ending	<u><u>\$ (372,543)</u></u>	<u><u>\$ 141,547</u></u>	<u><u>\$ 230,021</u></u>	<u><u>\$ 2,703,878</u></u>	<u><u>\$ (47,689)</u></u>	<u><u>\$ 66,905</u></u>	<u><u>\$ 2,722,119</u></u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 230,021	\$ -	\$ -	\$ -	\$ 230,021
Unrestricted	(372,543)	141,547	-	2,703,878	(47,689)	66,905	2,492,098
Total cash and investment fund balance - ending	<u><u>\$ (372,543)</u></u>	<u><u>\$ 141,547</u></u>	<u><u>\$ 230,021</u></u>	<u><u>\$ 2,703,878</u></u>	<u><u>\$ (47,689)</u></u>	<u><u>\$ 66,905</u></u>	<u><u>\$ 2,722,119</u></u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 7,505,281	\$ 1,550,971	\$ 6,478,892	\$ 2,946,333	\$ 254,904	\$ 1,219,661	\$ 19,956,042
Intermediate sources	251	-	-	-	-	1,725	1,976
State sources	11,033,829	-	-	-	-	365,293	11,399,122
Federal sources	-	-	-	-	-	1,786,223	1,786,223
Bonds and loans	3,972,150	669,553	1,004,149	-	193,348	149,632	5,988,832
Sale of property, adjustments and refunds	11,385	13,285	-	-	23,971	288	48,929
Total receipts	<u>22,522,896</u>	<u>2,233,809</u>	<u>7,483,041</u>	<u>2,946,333</u>	<u>472,223</u>	<u>3,522,822</u>	<u>39,181,124</u>
Disbursements:							
Current:							
Instruction	12,875,139	-	-	-	-	1,327,605	14,202,744
Support services	4,367,056	1,631,759	-	2,816,875	236,847	1,590,077	10,642,614
Community services	277,467	-	-	-	-	11,030	288,497
Nonprogrammed charges	1,027,111	-	-	-	-	114,693	1,141,804
Debt services	2,675,207	623,068	7,259,708	-	164,946	439,237	11,162,166
Total disbursements	<u>21,221,980</u>	<u>2,254,827</u>	<u>7,259,708</u>	<u>2,816,875</u>	<u>401,793</u>	<u>3,482,642</u>	<u>37,437,825</u>
Excess (deficiency) of receipts over disbursements	<u>1,300,916</u>	<u>(21,018)</u>	<u>223,333</u>	<u>129,458</u>	<u>70,430</u>	<u>40,180</u>	<u>1,743,299</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	54,864	54,864
Transfers out	-	-	(19,864)	-	-	(35,000)	(54,864)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(19,864)</u>	<u>-</u>	<u>-</u>	<u>19,864</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,300,916</u>	<u>(21,018)</u>	<u>203,469</u>	<u>129,458</u>	<u>70,430</u>	<u>60,044</u>	<u>1,743,299</u>
Cash and investments - beginning	(372,543)	141,547	230,021	2,703,878	(47,689)	66,905	2,722,119
Cash and investments - ending	<u>\$ 928,373</u>	<u>\$ 120,529</u>	<u>\$ 433,490</u>	<u>\$ 2,833,336</u>	<u>\$ 22,741</u>	<u>\$ 126,949</u>	<u>4,465,418</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>1,042,389</u>
Net assets of governmental activities							<u>\$ 5,507,807</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 928,373	\$ 120,529	\$ -	\$ 2,833,336	\$ 22,741	\$ 109,707	\$ 4,014,686
Restricted assets:							
Cash and investments	-	-	433,490	-	-	17,242	450,732
Total cash and investment assets - ending	<u>\$ 928,373</u>	<u>\$ 120,529</u>	<u>\$ 433,490</u>	<u>\$ 2,833,336</u>	<u>\$ 22,741</u>	<u>\$ 126,949</u>	<u>\$ 4,465,418</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 433,490	\$ -	\$ -	\$ 17,242	\$ 450,732
Unrestricted	928,373	120,529	-	2,833,336	22,741	109,707	4,014,686
Total cash and investment fund balance - ending	<u>\$ 928,373</u>	<u>\$ 120,529</u>	<u>\$ 433,490</u>	<u>\$ 2,833,336</u>	<u>\$ 22,741</u>	<u>\$ 126,949</u>	<u>\$ 4,465,418</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Internal Service Fund <u>(Self-Insurance)</u>
Operating receipts:	
Charges for services	\$ 2,101,619
Miscellaneous	<u>42,704</u>
Total operating receipts	<u>2,144,323</u>
Operating disbursements:	
Insurance claims and expense	<u>1,881,792</u>
Excess of operating receipts over operating disbursements	262,531
Cash and investment fund balance - beginning	<u>843,665</u>
Cash and investment fund balance - ending	<u>\$ 1,106,196</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,106,196</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,106,196</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Internal Service Fund <u>(Self-Insurance)</u>
Operating receipts:	
Charges for services	\$ 2,413,606
Miscellaneous	<u>45,034</u>
Total operating receipts	<u>2,458,640</u>
Operating disbursements:	
Insurance claims and expense	<u>2,522,447</u>
Deficiency of operating receipts over operating disbursements	(63,807)
Cash and investment fund balance - beginning	<u>1,106,196</u>
Cash and investment fund balance - ending	<u>\$ 1,042,389</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,042,389</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,042,389</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
	(Retirement/ Severance)		(Payroll)
Additions:			
Contributions:			
Other	\$ -	\$ 2,000	
Investment earnings:			
Interest	7,745	-	
Total additions	7,745	2,000	
Deductions:			
Benefits	24,291	-	
Administrative and general	-	2,427	
Total deductions	24,291	2,427	
Deficiency of total additions over total deductions	(16,546)	(427)	
Cash and investment fund balance - beginning	138,222	1,932	
Cash and investment fund balance - ending	\$ 121,676	\$ 1,505	\$ 295,588
Net assets:			
Cash and investments	\$ 121,676	\$ 1,505	
Total net assets - cash and investment basis held in trust	\$ 121,676	\$ 1,505	

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
	(Retirement/ Severance)		(Payroll)
Additions:			
Contributions:			
Other	\$ -	\$ 12,150	
Investment earnings:			
Interest	3,650	257	
Total additions	3,650	12,407	
Deductions:			
Benefits	24,290	-	
Administrative and general	-	2,227	
Total deductions	24,290	2,227	
Excess (deficiency) of total additions over total deductions	(20,640)	10,180	
Cash and investment fund balance - beginning	121,676	1,505	
Cash and investment fund balance - ending	\$ 101,036	\$ 11,685	\$ 130,623
Net assets:			
Cash and investments	\$ 101,036	\$ 11,685	
Total net assets - cash and investment basis held in trust	\$ 101,036	\$ 11,685	

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Wa-Nee Community Schools

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

Joint Venture

The School Corporation is a participant with Baugo Community Schools, Concord Community Schools, Fairfield Community Schools, Goshen Community Schools, and Middlebury Community Schools in a joint venture to operate the Elkhart County Special Education Cooperative (ECSEC) which was created to provide services to handicapped students of the six school corporations in the most efficient manner possible. The ECSEC's continued existence depends on continued funding by the School Corporation. Complete financial statements for the ECSEC can be obtained from the Administrative Offices of the Goshen Community Schools at 613 East Purl Street, Goshen, Indiana 46526-4044. During the 2007-08 school year the School Corporation's share of ECSEC's program expenditures was \$829,264.

The School Corporation is a participant with approximately forty other schools in a joint venture to operate the Northern Indiana Educational Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services, which they collectively may implement. The School Corporation is obligated by contract to remit annually a membership fee to supplement the NIESC. Complete financial statements for the NIESC can be obtained from the Administrative Offices of the NIESC at 56535 Magnetic Drive, Mishawaka, Indiana 46545.

The School Corporation is a participant with eleven other school corporations in Elkhart and St. Joseph Counties in a joint venture to operate a Head Start Consortium (Consortium) which was created to develop, operate, participate and supervise a Head Start Program to serve the pre-school student populations of the participating school corporations. The Consortium's continued existence depends on continued funding through a federal grant program. Participating school corporations are required to provide "in-kind services" (transportation and classroom, gymnasium and playground space) to meet the grant requirements. No fees are assessed the school corporations for the operation of this program. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. Complete financial statements for the Head Start Consortium can be obtained from the Administrative Offices of the South Bend Community School Corporation at 215 S. St. Joseph Street, South Bend, Indiana 46601.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with thirty-six other school corporations in a joint venture to operate North Central Energy Cooperative (NEC), which was created to procure natural gas in an economical and efficient manner. The School Corporation is obligated by contract to remit its share of the expenses. Complete financial statements for NEC can be obtained from their administrative offices at 59040 Minuteman Way, Elkhart, Indiana 46517. During the 2007-08 school year the School Corporation's share of the expenses of the organization was \$26,654.

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 non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. At this time, the School Corporation has not established any 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 business-type funds.

The School Corporation reports the following major governmental funds:

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

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

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

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the financial resources for funding medical benefits to employees.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 financial resources for funding child care expenses and for the benefit of individuals.

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

C. Measurement Focus and Basis of Accounting

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

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

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

As of January 1, 2008, the Department of Education has mandated a change in the chart of accounts used by the school corporation. These changes have caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. This change does not affect the total amount of expenses, only the allocation of the expenses.

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 other departments or agencies primarily within the government (internal service funds).

Beginning in 2009, the State General Fund as part of the basic grant distribution shall pay to each school corporation, an amount sufficient to provide all funding for the General and Special Education Pre-School funds. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any school corporation by the amount of the payment to be made in 2009 by the State for the obligations.

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.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

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

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.

WA-NEE COMMUNITY SCHOOLS
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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. 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.

WA-NEE COMMUNITY SCHOOLS
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 or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Disbursements in Excess of Appropriations

For the calendar year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following fund by the amount below:

<u>Fund</u>	
Debt Service	<u>\$ 28,465</u>

These disbursements were funded by greater than anticipated receipts.

C. Cash Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	FY 2006-2007	FY 2007-2008
General	\$ 372,543	\$ -
School Bus Replacement	47,689	-
Special Education Preschool	40,378	-
Title V FY 2006-2007	387	-
P.L. 101-476 FY 2005-2006	119,606	-
Retirement/Severance Bond Debt Service	13,274	-
Safe Haven School Grant	-	384
P.L. 101-476 FY 2007-2008	-	105,487
Totals	<u>\$ 593,877</u>	<u>\$ 105,871</u>

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$5,751,151.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

Transfer From	Transfer To	FY 2006-2007	FY 2007-2008
Debt Service	Transportation Operating	\$ 33,900	\$ -
Other governmental funds	General Fund	11,323	-
Other governmental funds	Other governmental funds	61,641	-
Debt Service	Other governmental funds	-	19,864
Other governmental funds	Other governmental funds	-	35,000
Totals		<u>\$ 106,864</u>	<u>\$ 54,864</u>

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2007, and June 30, 2008, was as follows:

Fund	General	Transportation Operating	Debt Service	School Bus Replacement	Severance/ Retirement Bond Debt Service
Payable, July 1, 2006	\$ 549,560	\$ 410,746	\$ -	\$ 77,581	\$ -
Warrants Issued	3,063,756	707,102	1,649,598	179,624	147,080
Warrants Repaid	<u>938,109</u>	<u>494,780</u>	<u>372,422</u>	<u>92,259</u>	<u>29,044</u>
Payable, June 30, 2007	<u>2,675,207</u>	<u>623,068</u>	<u>1,277,176</u>	<u>164,946</u>	<u>118,036</u>
Warrants Issued	3,972,150	669,553	1,004,149	193,348	149,632
Warrants Repaid	<u>2,675,207</u>	<u>623,068</u>	<u>1,277,176</u>	<u>164,946</u>	<u>118,036</u>
Payable, June, 30, 2008	<u>\$ 3,972,150</u>	<u>\$ 669,553</u>	<u>\$ 1,004,149</u>	<u>\$ 193,348</u>	<u>\$ 149,632</u>

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees and Dependents (Excluding Post-Employment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees and dependents. 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 \$90,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

past three years. Amounts 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 an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with the Wa-Nee Elementary School Building Corporation, the Wa-Nee Elementary/High School Building Corporation, Wa-Nee Middle School Building Corporation and the Wa-Nee Community Schools Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2007 and 2008, totaled \$5,225,500 and \$5,636,381, respectively.

C. Termination Benefits

The School Corporation offered a defined contribution postemployment health benefits plan to seven certified employees who retired at the conclusion of the 2007-2008 school year as part of the negotiated contract process. Each teacher will receive a \$5,000 annual payment for four years, for a total of \$20,000 each. The money can be used for various health care benefits per the provisions of the plan. The effective date of the plan was January 1, 2008. The first \$5,000 payments to the seven retired certified employees were made on August 28, 2008. The cost of the total plan will be \$140,000.

D. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post-employment benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least twenty years of service. Currently, twenty-six and thirty-one retirees, respectively, meet these eligibility requirements. The School Corporation pays to each retiree \$6,038 to \$7,246 each year, until the employee is first eligible for unreduced social security benefits. During the years ended June 30, 2007 and 2008, disbursements of \$227,761 and \$323,005, respectively, were recognized for this postemployment benefit.

E. Pension Plans

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

a. 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.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plan

Annual required contribution	\$ 192,471
Interest on net pension obligation	(15,541)
Adjustment to annual required contribution	<u>17,710</u>
Annual pension cost	194,640
Contributions made	<u>164,640</u>
Increase in net pension obligation	30,000
Net pension obligation, beginning of year	<u>(214,359)</u>
Net pension obligation, end of year	<u><u>\$ (184,359)</u></u>

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Actuarial Assumptions

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

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-05	\$ 120,996	115%	\$ (225,228)
06-30-06	160,434	93%	(214,359)
06-30-07	194,640	85%	(184,359)

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.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$364,054, \$343,173, and \$248,162, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

WA-NEE COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over 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	\$ 2,312,388	\$ 2,743,086	\$ (430,698)	84%	\$ 2,276,050	(19%)
07-01-06	2,215,565	2,793,569	(578,004)	79%	2,323,808	(25%)
07-01-07	2,246,911	2,714,785	(467,874)	83%	2,480,283	(19%)

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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education Plate	Alternative Education
Receipts:						
Local sources	\$ 14,357	\$ 733,836	\$ 156,192	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	2,400	-
State sources	142,747	24,915	28,683	-	-	8,277
Federal sources	-	394,771	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	130	431	-	-	-
Total receipts	157,104	1,153,652	185,306	-	2,400	8,277
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	1,187,528	117,936	-	-	4,237
Community services	-	-	-	-	-	-
Nonprogrammed charges	238,245	-	-	-	1,500	-
Debt services	-	-	-	-	-	-
Total disbursements	238,245	1,187,528	117,936	-	1,500	4,237
Excess (deficiency) of receipts over disbursements	(81,141)	(33,876)	67,370	-	900	4,040
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(11,323)	-	-
Total other financing sources (uses)	-	-	-	(11,323)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(81,141)	(33,876)	67,370	(11,323)	900	4,040
Cash and investments - beginning	40,763	176,420	(61,702)	11,323	4,456	4,237
Cash and investments - ending	<u>\$ (40,378)</u>	<u>\$ 142,544</u>	<u>\$ 5,668</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 8,277</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (40,378)</u>	<u>\$ 142,544</u>	<u>\$ 5,668</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 8,277</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (40,378)</u>	<u>\$ 142,544</u>	<u>\$ 5,668</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 8,277</u>

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

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

	Early Intervention Grant	Gifted and Talented FY 2005-2006	Gifted and Talented FY 2006-2007	Non English Speaking Program	Connect 2000 Grant/ Technology Fund	Title I FY 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 13,754	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	4,500	-	15,883	5,042	-	-
Federal sources	-	-	-	-	-	104,346
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>4,500</u>	<u>-</u>	<u>15,883</u>	<u>5,042</u>	<u>13,754</u>	<u>104,346</u>
Disbursements:						
Current:						
Instruction	-	1,877	12,195	3,548	-	24,941
Support services	2,183	-	-	-	19,196	15,907
Community services	-	-	-	-	-	396
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>2,183</u>	<u>1,877</u>	<u>12,195</u>	<u>3,548</u>	<u>19,196</u>	<u>41,244</u>
Excess (deficiency) of receipts over disbursements	<u>2,317</u>	<u>(1,877)</u>	<u>3,688</u>	<u>1,494</u>	<u>(5,442)</u>	<u>63,102</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(56,641)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,641)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,317</u>	<u>(1,877)</u>	<u>3,688</u>	<u>1,494</u>	<u>(5,442)</u>	<u>6,461</u>
Cash and investments - beginning	<u>543</u>	<u>1,877</u>	<u>-</u>	<u>2,934</u>	<u>27,588</u>	<u>(6,461)</u>
Cash and investments - ending	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 3,688</u>	<u>\$ 4,428</u>	<u>\$ 22,146</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 3,688</u>	<u>\$ 4,428</u>	<u>\$ 22,146</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 3,688</u>	<u>\$ 4,428</u>	<u>\$ 22,146</u>	<u>\$ -</u>

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

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

	Title I FY 2006-2007	Title V FY 2005-2006	Title V FY 2006-2007	P.L. 101-476 FY 2005-2006	P.L. 101-476 FY 2006-2007
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	459,101	4,941	4,952	146,873	454,501
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>459,101</u>	<u>4,941</u>	<u>4,952</u>	<u>146,873</u>	<u>454,501</u>
Total receipts					
	<u>459,101</u>	<u>4,941</u>	<u>4,952</u>	<u>146,873</u>	<u>454,501</u>
Disbursements:					
Current:					
Instruction	443,106	7,175	-	-	574,107
Support services	43,127	2,644	5,339	-	-
Community services	6,525	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>492,758</u>	<u>9,819</u>	<u>5,339</u>	<u>-</u>	<u>574,107</u>
Total disbursements					
	<u>492,758</u>	<u>9,819</u>	<u>5,339</u>	<u>-</u>	<u>574,107</u>
Excess (deficiency) of receipts over disbursements					
	<u>(33,657)</u>	<u>(4,878)</u>	<u>(387)</u>	<u>146,873</u>	<u>(119,606)</u>
Other financing sources (uses):					
Transfers in	56,641	5,000	-	-	-
Transfers out	-	-	-	-	-
	<u>56,641</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
	<u>56,641</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	22,984	122	(387)	146,873	(119,606)
Cash and investments - beginning					
	-	(122)	-	(146,873)	-
Cash and investments - ending					
	<u>\$ 22,984</u>	<u>\$ -</u>	<u>\$ (387)</u>	<u>\$ -</u>	<u>\$ (119,606)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 22,984</u>	<u>\$ -</u>	<u>\$ (387)</u>	<u>\$ -</u>	<u>\$ (119,606)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 22,984</u>	<u>\$ -</u>	<u>\$ (387)</u>	<u>\$ -</u>	<u>\$ (119,606)</u>

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

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

	Safe and Drug Free Communities FY 2005-2006	Safe and Drug Free Communities FY 2006-2007	Perkins FY 2005-2006	Perkins FY 2006-2007	Medicaid Reimbursement
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	17,897	14,215	12,100	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	-	17,897	14,215	12,100	-
Disbursements:					
Current:					
Instruction	8	68	14,215	11,375	-
Support services	2,085	14,687	-	725	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	2,093	14,755	14,215	12,100	-
Excess (deficiency) of receipts over disbursements	(2,093)	3,142	-	-	-
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	(2,093)	3,142	-	-	-
Cash and investments - beginning	2,093	-	-	-	10,394
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,394</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,394</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 3,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,394</u>

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

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

	Improving Teacher Quality	Title II Part D	Title III English As A New Language	Retirement/ Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 188,458	\$ 1,106,597
Intermediate sources	-	-	-	-	2,400
State sources	-	-	-	-	230,047
Federal sources	132,373	9,017	64,900	-	1,819,987
Bonds and loans	-	-	-	147,080	147,080
Sale of property, adjustments and refunds	-	-	-	-	561
Total receipts	<u>132,373</u>	<u>9,017</u>	<u>64,900</u>	<u>335,538</u>	<u>3,306,672</u>
Disbursements:					
Current:					
Instruction	105,988	-	59,616	-	1,258,219
Support services	(61)	7,189	5,083	-	1,427,805
Community services	-	-	-	-	6,921
Nonprogrammed charges	-	-	-	-	239,745
Debt services	-	-	-	347,983	347,983
Total disbursements	<u>105,927</u>	<u>7,189</u>	<u>64,699</u>	<u>347,983</u>	<u>3,280,673</u>
Excess (deficiency) of receipts over disbursements	<u>26,446</u>	<u>1,828</u>	<u>201</u>	<u>(12,445)</u>	<u>25,999</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	61,641
Transfers out	(5,000)	-	-	-	(72,964)
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,323)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,446	1,828	201	(12,445)	14,676
Cash and investments - beginning	(21,446)	3,621	3,413	(829)	52,229
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,449</u>	<u>\$ 3,614</u>	<u>\$ (13,274)</u>	<u>\$ 66,905</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 5,449</u>	<u>\$ 3,614</u>	<u>\$ (13,274)</u>	<u>\$ 66,905</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 5,449</u>	<u>\$ 3,614</u>	<u>\$ (13,274)</u>	<u>\$ 66,905</u>

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

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

	Special Education Preschool	School Lunch	Textbook Rental	Education Plate	Alternative Education	Safe Haven School Grant
Receipts:						
Local sources	\$ 23,636	\$ 702,415	\$ 159,571	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,725	-	-
State sources	145,059	23,255	70,468	-	8,406	7,368
Federal sources	-	411,150	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	288	-	-	-
Total receipts	<u>168,695</u>	<u>1,136,820</u>	<u>230,327</u>	<u>1,725</u>	<u>8,406</u>	<u>7,368</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	1,249,024	219,455	-	8,277	-
Community services	-	-	-	-	-	7,752
Nonprogrammed charges	112,693	-	-	2,000	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>112,693</u>	<u>1,249,024</u>	<u>219,455</u>	<u>2,000</u>	<u>8,277</u>	<u>7,752</u>
Excess (deficiency) of receipts over disbursements	<u>56,002</u>	<u>(112,204)</u>	<u>10,872</u>	<u>(275)</u>	<u>129</u>	<u>(384)</u>
Other financing sources (uses):						
Transfers in	-	-	19,864	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>19,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>56,002</u>	<u>(112,204)</u>	<u>30,736</u>	<u>(275)</u>	<u>129</u>	<u>(384)</u>
Cash and investments - beginning	<u>(40,378)</u>	<u>142,544</u>	<u>5,668</u>	<u>5,356</u>	<u>8,277</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,624</u>	<u>\$ 30,340</u>	<u>\$ 36,404</u>	<u>\$ 5,081</u>	<u>\$ 8,406</u>	<u>\$ (384)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,624	\$ 30,340	\$ 36,404	\$ 5,081	\$ 8,406	\$ (384)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 15,624</u>	<u>\$ 30,340</u>	<u>\$ 36,404</u>	<u>\$ 5,081</u>	<u>\$ 8,406</u>	<u>\$ (384)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	15,624	30,340	36,404	5,081	8,406	(384)
Total cash and investment fund balance - ending	<u>\$ 15,624</u>	<u>\$ 30,340</u>	<u>\$ 36,404</u>	<u>\$ 5,081</u>	<u>\$ 8,406</u>	<u>\$ (384)</u>

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

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

	Early Intervention Grant	Gifted and Talented FY 2007-2008	Gifted and Talented FY 2006-2007	Non English Speaking Grant	Connect 2000 Grant/ Technology Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 13,918
Intermediate sources	-	-	-	-	-
State sources	18,500	39,847	-	52,390	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>18,500</u>	<u>39,847</u>	<u>-</u>	<u>52,390</u>	<u>13,918</u>
Disbursements:					
Current:					
Instruction	-	25,990	3,688	54,049	-
Support services	21,360	-	-	-	1,030
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>21,360</u>	<u>25,990</u>	<u>3,688</u>	<u>54,049</u>	<u>1,030</u>
Excess (deficiency) of receipts over disbursements	<u>(2,860)</u>	<u>13,857</u>	<u>(3,688)</u>	<u>(1,659)</u>	<u>12,888</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,860)</u>	<u>13,857</u>	<u>(3,688)</u>	<u>(1,659)</u>	<u>12,888</u>
Cash and investments - beginning	<u>2,860</u>	<u>-</u>	<u>3,688</u>	<u>4,428</u>	<u>22,146</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 13,857</u>	<u>\$ -</u>	<u>\$ 2,769</u>	<u>\$ 35,034</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 13,857	\$ -	\$ 2,769	\$ 35,034
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 13,857</u>	<u>\$ -</u>	<u>\$ 2,769</u>	<u>\$ 35,034</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	13,857	-	2,769	35,034
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 13,857</u>	<u>\$ -</u>	<u>\$ 2,769</u>	<u>\$ 35,034</u>

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

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

	Title I FY 2006-2007	Title I FY 2007-2008	Title V FY 2007-2008	Title V FY 2006-2007	P.L. 101-476 FY 2007-2008
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	48,352	531,328	5,126	-	472,721
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	48,352	531,328	5,126	-	472,721
Disbursements:					
Current:					
Instruction	20,736	495,650	-	2,561	578,208
Support services	20,493	47,916	123	2,052	-
Community services	107	3,171	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	41,336	546,737	123	4,613	578,208
Excess (deficiency) of receipts over disbursements	7,016	(15,409)	5,003	(4,613)	(105,487)
Other financing sources (uses):					
Transfers in	-	30,000	-	5,000	-
Transfers out	(30,000)	-	-	-	-
Total other financing sources (uses)	(30,000)	30,000	-	5,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,984)	14,591	5,003	387	(105,487)
Cash and investments - beginning	22,984	-	-	(387)	-
Cash and investments - ending	\$ -	\$ 14,591	\$ 5,003	\$ -	\$ (105,487)
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 14,591	\$ 5,003	\$ -	\$ (105,487)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 14,591	\$ 5,003	\$ -	\$ (105,487)
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	14,591	5,003	-	(105,487)
Total cash and investment fund balance - ending	\$ -	\$ 14,591	\$ 5,003	\$ -	\$ (105,487)

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

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

	P.L. 101-476 FY 2006-2007	Safe and Drug Free Communities FY 2006-2007	Safe and Drug Free Communities FY 2007-2008	Perkins FY 2007-2008	Medicaid Reimbursement
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	119,606	-	14,426	9,536	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>119,606</u>	<u>-</u>	<u>14,426</u>	<u>9,536</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	335	9,536	-
Support services	-	3,142	8,142	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>-</u>	<u>3,142</u>	<u>8,477</u>	<u>9,536</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>119,606</u>	<u>(3,142)</u>	<u>5,949</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	119,606	(3,142)	5,949	-	-
Cash and investments - beginning	<u>(119,606)</u>	<u>3,142</u>	<u>-</u>	<u>-</u>	<u>10,394</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ -</u>	<u>\$ 10,394</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 5,949	\$ -	\$ 10,394
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ -</u>	<u>\$ 10,394</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	5,949	-	10,394
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,949</u>	<u>\$ -</u>	<u>\$ 10,394</u>

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

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

	Improving Teacher Quality	Title II Part D	Title III English As A New Language	Retirement/ Severance Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 320,121	\$ 1,219,661
Intermediate sources	-	-	-	-	1,725
State sources	-	-	-	-	365,293
Federal sources	130,892	-	43,086	-	1,786,223
Bonds and loans	-	-	-	149,632	149,632
Sale of property, adjustments and refunds	-	-	-	-	288
Total receipts	<u>130,892</u>	<u>-</u>	<u>43,086</u>	<u>469,753</u>	<u>3,522,822</u>
Disbursements:					
Current:					
Instruction	106,261	-	30,591	-	1,327,605
Support services	-	5,449	3,614	-	1,590,077
Community services	-	-	-	-	11,030
Nonprogrammed charges	-	-	-	-	114,693
Debt services	-	-	-	439,237	439,237
Total disbursements	<u>106,261</u>	<u>5,449</u>	<u>34,205</u>	<u>439,237</u>	<u>3,482,642</u>
Excess (deficiency) of receipts over disbursements	<u>24,631</u>	<u>(5,449)</u>	<u>8,881</u>	<u>30,516</u>	<u>40,180</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	54,864
Transfers out	(5,000)	-	-	-	(35,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,864</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,631	(5,449)	8,881	30,516	60,044
Cash and investments - beginning	-	5,449	3,614	(13,274)	66,905
Cash and investments - ending	<u>\$ 19,631</u>	<u>\$ -</u>	<u>\$ 12,495</u>	<u>\$ 17,242</u>	<u>\$ 126,949</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 19,631	\$ -	\$ 12,495	\$ -	\$ 109,707
Restricted assets:					
Cash and investments	-	-	-	17,242	17,242
Total cash and investment assets - ending	<u>\$ 19,631</u>	<u>\$ -</u>	<u>\$ 12,495</u>	<u>\$ 17,242</u>	<u>\$ 126,949</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 17,242	\$ 17,242
Unrestricted	19,631	-	12,495	-	109,707
Total cash and investment fund balance - ending	<u>\$ 19,631</u>	<u>\$ -</u>	<u>\$ 12,495</u>	<u>\$ 17,242</u>	<u>\$ 126,949</u>

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

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

	Extended Day Care	Extended Day Care Coordinator Salary	Extended Day Care Coordinator Benefits	2007 Community Relations	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Deductions:					
Administrative and general	-	153	1,447	827	2,427
Excess (deficiency) of total additions over total deductions	-	(153)	(1,447)	1,173	(427)
Cash and investment fund balance - beginning	332	153	1,447	-	1,932
Cash and investments - June 30	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173</u>	<u>\$ 1,505</u>
Net assets:					
Cash and investments	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173</u>	<u>\$ 1,505</u>
Total net assets- cash and investment basis held in trust	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173</u>	<u>\$ 1,505</u>

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

	Extended Day Care	2007 Community Relations	2008 Community Relations	Nick Arone Memorial Fund	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 2,000	\$ 10,150	\$ 12,150
Investment earnings:					
Interest	-	-	-	257	257
Total additions	-	-	2,000	10,407	12,407
Deductions:					
Administrative and general	332	1,173	722	-	2,227
Excess (deficiency) of total additions over total deductions	(332)	(1,173)	1,278	10,407	10,180
Cash and investment fund balance - beginning	332	1,173	-	-	1,505
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278</u>	<u>\$ 10,407</u>	<u>\$ 11,685</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278</u>	<u>\$ 10,407</u>	<u>\$ 11,685</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278</u>	<u>\$ 10,407</u>	<u>\$ 11,685</u>

WA-NEE COMMUNITY SCHOOLS
 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	\$ 1,482,950
Buildings	53,811,125
Improvements other than buildings	2,391,954
Machinery and equipment	<u>6,737,678</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 64,423,707</u>

WA-NEE COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Wa-Nee Elementary	\$ 4,095,000	\$ 1,378,500
Wa-Nee Elementary/High School	5,044,175	1,704,838
Wa-Nee Middle School	15,355,000	1,815,500
Wa-Nee Comm. Sch. Bldg Corp	<u>6,625,000</u>	<u>762,000</u>
Total Capital leases	31,119,175	5,660,838
Notes and loans payable (Common Sch. Loan)	<u>45,561</u>	<u>25,725</u>
Bonds payable:		
Retirement Severance Bond	<u>2,330,000</u>	<u>317,145</u>
Total governmental activities debt	<u>\$ 33,494,735</u>	<u>\$ 6,003,707</u>

WA-NEE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Debt Service	2007	<u>\$ 28,465</u>

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."

PRENUMBERED TICKETS NOT USED (Applies to Northwood Middle School)

Prenumbered tickets were not used for athletic events during the 2006-07 and 2007-08 school years.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

WA-NEE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

VENDING, CONCESSIONS OR OTHER SALES CONTROL PROCEDURES
(Applies to Northwood Middle School)

Information was not presented for audit to indicate that inventories and reconcilements to purchases and sales concerning the vending of Coca-Cola, Powerade, and water were performed. Additionally, similar documentation was not provided for the purchases and sales of concession stand items at athletic events.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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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 WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Compliance

We have audited the compliance of the Wa-Nee Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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 on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 15, 2009

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 46,108	\$ 50,296
National School Lunch Program	10.555		403,785	403,269
			<u>449,893</u>	<u>453,565</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Goshen Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027	FY 06-07 FY 07-08	574,107	-
			<u>-</u>	<u>578,207</u>
Total for cluster			<u>574,107</u>	<u>578,207</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	FY 05-06 FY 06-07 FY 07-08	97,885	-
			436,117	71,336
			<u>-</u>	<u>516,737</u>
Total for program			<u>534,002</u>	<u>588,073</u>
Pass-Through Elkhart Community Schools				
Career and Technical Education - Basic Grants to States	84.048	FY 06-07 FY 07-08	12,100	-
			<u>-</u>	<u>9,536</u>
Total for program			<u>12,100</u>	<u>9,536</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186	FY 05-06 FY 06-07 FY 07-08	2,093	-
			14,755	3,142
			<u>-</u>	<u>8,477</u>
Total for program			<u>16,848</u>	<u>11,619</u>
State Grants for Innovative Programs	84.298	FY 06-07 FY 07-08	9,819	-
			<u>5,339</u>	<u>4,736</u>
Total for program			<u>15,158</u>	<u>4,736</u>
Education Technology State Grants	84.318		7,188	5,449
English Language Acquisition Grants	84.365		64,699	34,205
Improving Teacher Quality State Grants	84.367		105,927	106,261
Total for federal grantor agency			<u>1,330,029</u>	<u>1,338,086</u>
Total federal awards expended			<u>\$ 1,779,922</u>	<u>\$ 1,791,651</u>

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006-2007	2007-2008
Child Nutrition Cluster	10.555	\$ 55,123	\$ 42,415

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
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
10.555	Child Nutrition Cluster
84.010	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? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WA-NEE COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WA-NEE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2009, with Joseph M. Sabo, Superintendent of Schools; Eric Brown, President of the School Board; and Roger B. Zentz, Treasurer. The officials concurred with our audit findings.