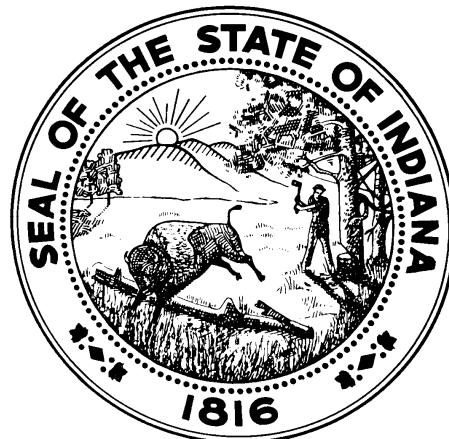


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION
BOONE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vivian Norman	07-01-05 to 06-30-08
Superintendent of Schools	Stephen Sailor Dr. Judi Hendrix	07-01-05 to 06-30-07 07-01-07 to 06-30-08
President of the School Board	Roger Henry Don Lamb Jane A. Faggetti	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



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

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 28, 2008



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

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Boone County Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 28, 2008

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,684,159	\$ -	\$ 73,931	\$ (5,610,228)
Support services	8,250,965	612,646	214,825	(7,423,494)
Community services	68,377	-	-	(68,377)
Nonprogrammed charges	285,847	-	-	(285,847)
Debt service	1,875,608	-	-	(1,875,608)
Total governmental activities	\$ 16,164,956	\$ 612,646	\$ 288,756	(15,263,554)
General receipts:				
Property taxes				6,535,381
Other local sources				2,915,123
State aid				7,006,575
Grants and contributions not restricted to specific programs				252,229
Sale of property, adjustments, and refunds				8,761
Investment earnings				111,981
Total general receipts				16,830,050
Change in net assets				1,566,496
Net assets - beginning				3,395,627
Net assets - ending				\$ 4,962,123
<u>Assets</u>				
Cash and investments				\$ 3,967,995
Restricted assets:				
Cash and investments				994,128
Total assets				\$ 4,962,123
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 994,128
Unrestricted				3,967,995
Total net assets				\$ 4,962,123

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 5,997,321	\$ -	\$ 75,570	\$ (5,921,751)	
Support services	8,071,246	624,536	223,492	(7,223,218)	
Community services	82,477	-	-	(82,477)	
Nonprogrammed charges	331,762	-	-	(331,762)	
Debt service	1,865,062	-	-	(1,865,062)	
Total governmental activities	<u>\$ 16,347,868</u>	<u>\$ 624,536</u>	<u>\$ 299,062</u>	<u>(15,424,270)</u>	
General receipts:					
Property taxes				3,969,465	
Other local sources				927,890	
State aid				6,976,757	
Grants and contributions not restricted to specific programs				267,565	
Sale of property, adjustments, and refunds				17,945	
Investment earnings				194,351	
Total general receipts				<u>12,353,973</u>	
Change in net assets				(3,070,297)	
Net assets - beginning				<u>4,962,123</u>	
Net assets - ending				<u>\$ 1,891,826</u>	
Assets					
Cash and investments				\$ 1,689,292	
Restricted assets:					
Cash and investments				<u>202,534</u>	
Total assets				<u>\$ 1,891,826</u>	
Net Assets					
Restricted for:					
Debt service				\$ 202,534	
Unrestricted				<u>1,689,292</u>	
Total net assets				<u>\$ 1,891,826</u>	

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	School Lunch	Lilly Grant Preschool	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 3,745,642	\$ 908,091	\$ 459,104	\$ 1,500,000	\$ 1,895,931	\$ 1,284,943	\$ 193,088	\$ 187,741	\$ 10,174,540
Intermediate sources	589	-	-	-	-	-	-	-	589
State sources	7,086,807	-	13,334	-	-	-	-	155,350	7,255,491
Federal sources	-	-	173,187	-	-	-	-	118,884	292,071
Sale of property, adjustments and refunds	4,844	2,177	-	-	-	-	-	1,740	8,761
Total receipts	10,837,882	910,268	645,625	1,500,000	1,895,931	1,284,943	193,088	463,715	17,731,452
Disbursements:									
Current:									
Instruction	5,335,064	-	-	54,022	-	-	-	295,073	5,684,159
Support services	4,847,051	925,968	655,076	30	-	1,300,050	292,208	230,582	8,250,965
Community services	68,377	-	-	-	-	-	-	-	68,377
Nonprogrammed charges	285,847	-	-	-	-	-	-	-	285,847
Debt services	-	-	-	-	1,875,608	-	-	-	1,875,608
Total disbursements	10,536,339	925,968	655,076	54,052	1,875,608	1,300,050	292,208	525,655	16,164,956
Excess (deficiency) of receipts over disbursements	301,543	(15,700)	(9,451)	1,445,948	20,323	(15,107)	(99,120)	(61,940)	1,566,496
Other financing sources (uses):									
Transfers in	236,698	-	-	-	-	-	-	5,666	242,364
Transfers out	(2,438)	(643)	-	-	(1,478)	(949)	(151)	(236,705)	(242,364)
Total other financing sources (uses)	234,260	(643)	-	-	(1,478)	(949)	(151)	(231,039)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	535,803	(16,343)	(9,451)	1,445,948	18,845	(16,056)	(99,271)	(292,979)	1,566,496
Cash and investments - beginning	887,775	229,524	164,113	-	975,283	311,870	172,278	654,784	3,395,627
Cash and investments - ending	\$ 1,423,578	\$ 213,181	\$ 154,662	\$ 1,445,948	\$ 994,128	\$ 295,814	\$ 73,007	\$ 361,805	\$ 4,962,123
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	\$ 1,423,578	\$ 213,181	\$ 154,662	\$ 1,445,948	\$ -	\$ 295,814	\$ 73,007	\$ 361,805	\$ 3,967,995
Restricted assets:									
Cash and investments	-	-	-	-	994,128	-	-	-	994,128
Total cash and investment assets - ending	\$ 1,423,578	\$ 213,181	\$ 154,662	\$ 1,445,948	\$ 994,128	\$ 295,814	\$ 73,007	\$ 361,805	\$ 4,962,123
<u>Cash and Investment Fund Balance - Ending</u>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 994,128	\$ -	\$ -	\$ -	\$ 994,128
Unrestricted	1,423,578	213,181	154,662	1,445,948	-	295,814	73,007	361,805	3,967,995
Total cash and investment fund balance - ending	\$ 1,423,578	\$ 213,181	\$ 154,662	\$ 1,445,948	\$ 994,128	\$ 295,814	\$ 73,007	\$ 361,805	\$ 4,962,123

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

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

	General	Transportation Operating	School Lunch	Lilly Grant Preschool	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 2,500,760	\$ 575,265	\$ 494,444	\$ 600	\$ 1,088,851	\$ 781,692	\$ 109,722	\$ 164,319	\$ 5,715,653
Intermediate sources	589	-	-	-	-	-	-	-	589
State sources	7,057,671	-	13,284	-	-	-	-	180,186	7,251,141
Federal sources	-	-	180,842	-	-	-	-	111,401	292,243
Sale of property, adjustments and refunds	2,867	1,564	-	-	-	2,575	-	10,939	17,945
Interfund Loans	-	196,355	-	-	-	271,180	-	-	467,535
Total receipts	9,561,887	773,184	688,570	600	1,088,851	1,055,447	109,722	466,845	13,745,106
Disbursements:									
Current:									
Instruction	5,411,173	-	-	310,410	-	-	-	275,738	5,997,321
Support services	4,793,605	978,238	642,151	31,836	-	1,340,217	89,713	195,486	8,071,246
Community services	82,477	-	-	-	-	-	-	-	82,477
Nonprogrammed charges	331,762	-	-	-	-	-	-	-	331,762
Debt services	-	-	-	-	1,865,062	-	-	-	1,865,062
Interfund Loans	-	-	-	467,535	-	-	-	-	467,535
Total disbursements	10,619,017	978,238	642,151	809,781	1,865,062	1,340,217	89,713	471,224	16,815,403
Excess (deficiency) of receipts over disbursements	(1,057,130)	(205,054)	46,419	(809,181)	(776,211)	(284,770)	20,009	(4,379)	(3,070,297)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	61,540	61,540
Transfers out	(25,362)	(8,127)	-	-	(15,383)	(11,044)	(1,550)	(74)	(61,540)
Total other financing sources (uses)	(25,362)	(8,127)	-	-	(15,383)	(11,044)	(1,550)	61,466	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,082,492)	(213,181)	46,419	(809,181)	(791,594)	(295,814)	18,459	57,087	(3,070,297)
Cash and investments - beginning	1,423,578	213,181	154,662	1,445,948	994,128	295,814	73,007	361,805	4,962,123
Cash and investments - ending	\$ 341,086	\$ -	\$ 201,081	\$ 636,767	\$ 202,534	\$ -	\$ 91,466	\$ 418,892	\$ 1,891,826
Cash and Investment Assets - Ending									
Cash and investments	\$ 341,086	\$ -	\$ 201,081	\$ 636,767	\$ -	\$ -	\$ 91,466	\$ 418,892	\$ 1,689,292
Restricted assets:									
Cash and investments	-	-	-	-	202,534	-	-	-	202,534
Total cash and investment assets - ending	\$ 341,086	\$ -	\$ 201,081	\$ 636,767	\$ 202,534	\$ -	\$ 91,466	\$ 418,892	\$ 1,891,826
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 202,534	\$ -	\$ -	\$ -	\$ 202,534
Unrestricted	341,086	-	201,081	636,767	-	-	91,466	418,892	1,689,292
Total cash and investment fund balance - ending	\$ 341,086	\$ -	\$ 201,081	\$ 636,767	\$ 202,534	\$ -	\$ 91,466	\$ 418,892	\$ 1,891,826

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

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

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ 42,233	
Deductions:		
Administrative and general	<u>18,345</u>	
Excess of total additions over total deductions	23,888	
Cash and investment fund balance - beginning	<u>46,922</u>	
Cash and investment fund balance - ending	<u>\$ 70,810</u>	
Net assets:		
Cash and investments	<u>\$ 70,810</u>	<u>\$ 34,902</u>
Total net assets - cash and investment basis held in trust	<u>\$ 70,810</u>	<u>\$ 34,902</u>

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 31,913	
Deductions:		
Administrative and general	33,313	
Deficiency of total additions over total deductions	(1,400)	
Cash and investment fund balance - beginning	70,810	
Cash and investment fund balance - ending	\$ 69,410	
Net assets:		
Cash and investments	\$ 69,410	\$ 42,321
Total net assets - cash and investment basis held in trust	\$ 69,410	\$ 42,321

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Western Boone County Community School Corporation

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

Joint Venture

The School Corporation is a participant with Clinton Central School Corporation, Clinton Prairie School Corporation, Community Schools of Frankfort, Lebanon Community School Corporation, North West Hendricks School Corporation, and Rossville Consolidated Schools in a joint venture to operate Boone-Clinton North West Hendricks Joint Services (Co-op) which was created to provide instruction for handicapped children. Complete financial statements for the Co-op can be obtained from Community schools of Frankfort, 50 South Maish Road, Frankfort, Indiana, 46041-2824.

The School Corporation is a participant with Attica Consolidated School Corporation, Covington Community School Corporation, Crawfordsville Community School Corporation, Metropolitan School District of Warren County, North Montgomery Community School Corporation, and Southeast Fountain School Corporation in a joint venture to operate West Central Indiana Vocational Cooperative (Co-op) which was created to provide vocational instruction. The School Corporation is obligated by contract to remit one-eighth of the cost to operate the Co-op annually. Complete financial statements for the Co-op can be obtained from Crawfordsville Community School Corporation, 1000 Fairview Avenue, Crawfordsville, Indiana, 47933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

The school lunch fund is used to record all receipts from the sale of lunches, federal and state reimbursement, gifts, and other receipts. It includes disbursements for personal service, food, supplies and equipment for the program.

The Lilly grant preschool fund is used to supplement the corporation's preschool funding. It includes disbursements for personal services and supplies.

Additionally, the School Corporation reports the following fund types:

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

Agency funds account for assets held by the School Corporation as an agent for federal and state taxing units.

C. Measurement Focus and Basis of Accounting

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

3. Compensated Absences

a. Sick Leave

Certified employees earn sick leave at the rate of 13 days per year. These days may be accumulated to a maximum of 182.5 days. Accumulated sick leave is paid to employees upon retirement or termination through cash payments. Noncertified employees earn sick leave at the rate of 4 to 12 days per year. These days may be accumulated to a maximum of 30 to 120 days. Accumulated sick leave is not paid to noncertified employees upon retirement or termination.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

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 January 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2005-2006	2006-2007
General Fund	Other governmental funds	\$ 2,438	\$ 25,362
Transportation Operating Fund		643	8,127
Debt Service Fund		1,478	15,383
Capital Projects Fund		949	11,044
School Bus Replacement Fund		151	1,550
Other governmental funds		7	74
Other governmental funds	General Fund	<u>236,698</u>	<u>-</u>
Totals		<u>\$ 242,364</u>	<u>\$ 61,540</u>

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

IV. Other Information

A. Risk Management

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

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees and Dependents

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana (WV/WCI) School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees and dependents (excluding postemployment benefits) coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Western Boone County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2005-2006 and 2006-2007 totaled \$1,836,748 and \$1,840,743 respectively.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Ed Preschool	Rainy Day	Textbook Rental	Levy Excess	Safe Haven Grant	INCO Grant	GW All Stars Grant
Receipts:							
Local sources	\$ 17,303	\$ -	\$ 153,542	\$ -	\$ -	\$ 497	\$ 2,070
State sources	62,175	-	8,239	-	3,851	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	79,478	-	161,781	-	3,851	497	2,070
Disbursements:							
Current:							
Instruction	80,243	-	-	-	5,062	433	2,070
Support services	16,708	-	187,964	-	387	-	-
Total disbursements	96,951	-	187,964	-	5,449	433	2,070
Excess (deficiency) of receipts over disbursements	(17,473)	-	(26,183)	-	(1,598)	64	-
Other financing sources (uses):							
Transfers in	-	-	-	5,666	-	-	-
Transfers out	(7)	-	-	(236,698)	-	-	-
Total other financing sources (uses)	(7)	-	-	(231,032)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,480)	-	(26,183)	(231,032)	(1,598)	64	-
Cash and investments - beginning	48,557	92,300	73,589	236,698	5,877	-	-
Cash and investments - ending	\$ 31,077	\$ 92,300	\$ 47,406	\$ 5,666	\$ 4,279	\$ 64	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 31,077	\$ 92,300	\$ 47,406	\$ 5,666	\$ 4,279	\$ 64	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 31,077	\$ 92,300	\$ 47,406	\$ 5,666	\$ 4,279	\$ 64	\$ -

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Radio/TV Voc. Ed.	Gifted and Talented	Professional Development	Adult Education	Medicaid Reimbursement	Non-English Speaking
Receipts:						
Local sources	\$ 12,779	\$ -	\$ -	\$ 1,550	\$ -	\$ -
State sources	-	13,597	-	-	37	132
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	540	-	-	-	-
Total receipts	12,779	14,137	-	1,550	37	132
Disbursements:						
Current:						
Instruction	12,779	16,023	-	14,007	2	-
Support services	-	2,747	-	538	-	-
Total disbursements	12,779	18,770	-	14,545	2	-
Excess (deficiency) of receipts over disbursements	-	(4,633)	-	(12,995)	35	132
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	-	(4,633)	-	(12,995)	35	132
Cash and investments - beginning	-	5,303	665	59,105	1,114	436
Cash and investments - ending	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 665</u>	<u>\$ 46,110</u>	<u>\$ 1,149</u>	<u>\$ 568</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 665</u>	<u>\$ 46,110</u>	<u>\$ 1,149</u>	<u>\$ 568</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 665</u>	<u>\$ 46,110</u>	<u>\$ 1,149</u>	<u>\$ 568</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Tobacco Free Grant	Thorntown Arts Grant	Eli Lilly Science Grant	Wal-Mart Grant	Thorntown PSI IOTA XI	CYA Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	300	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	1,200
Total receipts	-	300	-	-	-	1,200
Disbursements:						
Current:						
Instruction	387	464	9	300	449	1,200
Support services	-	-	-	-	-	-
Total disbursements	387	464	9	300	449	1,200
Excess (deficiency) of receipts over disbursements	(387)	(164)	(9)	(300)	(449)	-
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	(387)	(164)	(9)	(300)	(449)	-
Cash and investments - beginning	425	928	114	300	500	-
Cash and investments - ending	<u>\$ 38</u>	<u>\$ 764</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 38</u>	<u>\$ 764</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 38</u>	<u>\$ 764</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ -</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Granville Wells PSI IOTA XI	Vocational Ed.	Granville Wells Eli Lilly Grant	Smart Resolutions	Title I	Title V Innovative Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	67,019	-	-
Federal sources	-	-	-	-	58,293	5,751
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	67,019	58,293	5,751
Disbursements:						
Current:						
Instruction	462	388	74	63,602	41,755	11,642
Support services	-	-	-	2,918	7,211	34
Total disbursements	462	388	74	66,520	48,966	11,676
Excess (deficiency) of receipts over disbursements	(462)	(388)	(74)	499	9,327	(5,925)
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	(462)	(388)	(74)	499	9,327	(5,925)
Cash and investments - beginning	500	740	74	47,649	5,410	10,479
Cash and investments - ending	<u>\$ 38</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 48,148</u>	<u>\$ 14,737</u>	<u>\$ 4,554</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 38</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 48,148</u>	<u>\$ 14,737</u>	<u>\$ 4,554</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 38</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 48,148</u>	<u>\$ 14,737</u>	<u>\$ 4,554</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Criminal Justice Institute	School- To- Work	Title II	Title II Technology	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,741
State sources	-	-	-	-	-	155,350
Federal sources	5,254	-	46,521	3,065	-	118,884
Sale of property, adjustments and refunds	-	-	-	-	-	1,740
Total receipts	5,254	-	46,521	3,065	-	463,715
Disbursements:						
Current:						
Instruction	294	-	38,132	5,296	-	295,073
Support services	5,254	-	6,821	-	-	230,582
Total disbursements	5,548	-	44,953	5,296	-	525,655
Excess (deficiency) of receipts over disbursements	(294)	-	1,568	(2,231)	-	(61,940)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	5,666
Transfers out	-	-	-	-	-	(236,705)
Total other financing sources (uses)	-	-	-	-	-	(231,039)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(294)	-	1,568	(2,231)	-	(292,979)
Cash and investments - beginning	294	3,350	57,497	2,441	439	654,784
Cash and investments - ending	\$ -	\$ 3,350	\$ 59,065	\$ 210	\$ 439	\$ 361,805
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 3,350	\$ 59,065	\$ 210	\$ 439	\$ 361,805
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 3,350	\$ 59,065	\$ 210	\$ 439	\$ 361,805

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

	Special Ed. Preschool	Rainy Day	Textbook Rental	Levy Excess	Safe Haven Grant	Fund 193	Fund 206
Receipts:							
Local sources	\$ 26,120	\$ -	\$ 130,091	\$ -	\$ -	\$ -	\$ -
State sources	65,043	-	10,425	-	-	20,724	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	545
Total receipts	91,163	-	140,516	-	-	20,724	545
Disbursements:							
Current:							
Instruction	81,590	-	-	-	3,948	17,990	545
Support services	19,788	-	138,614	-	331	-	-
Total disbursements	101,378	-	138,614	-	4,279	17,990	545
Excess (deficiency) of receipts over disbursements	(10,215)	-	1,902	-	(4,279)	2,734	-
Other financing sources (uses):							
Transfers in	-	-	-	61,540	-	-	-
Transfers out	(74)	-	-	-	-	-	-
Total other financing sources (uses)	(74)	-	-	61,540	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,289)	-	1,902	61,540	(4,279)	2,734	-
Cash and investments - beginning	31,077	92,300	47,406	5,666	4,279	-	-
Cash and investments - ending	<u>\$ 20,788</u>	<u>\$ 92,300</u>	<u>\$ 49,308</u>	<u>\$ 67,206</u>	<u>\$ -</u>	<u>\$ 2,734</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 20,788</u>	<u>\$ 92,300</u>	<u>\$ 49,308</u>	<u>\$ 67,206</u>	<u>\$ -</u>	<u>\$ 2,734</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 20,788</u>	<u>\$ 92,300</u>	<u>\$ 49,308</u>	<u>\$ 67,206</u>	<u>\$ -</u>	<u>\$ 2,734</u>	<u>\$ -</u>

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

	Fund 207	INCO Grant	Radio/TV Voc. Ed.	Gifted and Talented	Professional Development	Adult Education	Medicaid Reimbursement
Receipts:							
Local sources	\$ -	\$ -	\$ 5,808	\$ -	\$ -	\$ 2,300	\$ -
State sources	-	-	-	13,597	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	470	-	-	-	-	-	-
Total receipts	470	-	5,808	13,597	-	2,300	-
Disbursements:							
Current:							
Instruction	241	64	4,219	11,528	-	1,750	-
Support services	-	-	-	2,157	-	-	-
Total disbursements	241	64	4,219	13,685	-	1,750	-
Excess (deficiency) of receipts over disbursements	229	(64)	1,589	(88)	-	550	-
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	229	(64)	1,589	(88)	-	550	-
Cash and investments - beginning	-	64	-	670	665	46,110	1,149
Cash and investments - ending	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,589</u>	<u>\$ 582</u>	<u>\$ 665</u>	<u>\$ 46,660</u>	<u>\$ 1,149</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,589</u>	<u>\$ 582</u>	<u>\$ 665</u>	<u>\$ 46,660</u>	<u>\$ 1,149</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,589</u>	<u>\$ 582</u>	<u>\$ 665</u>	<u>\$ 46,660</u>	<u>\$ 1,149</u>

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

	Non-English Speaking	Tobacco Free Grant	Thorntown Arts Grant	Eli Lilly Science Grant	Wal-Mart Grant	Thorntown PSI IOTA XI	CYA Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	500	7,600	1,200
Total receipts	-	-	-	-	500	7,600	1,200
Disbursements:							
Current:							
Instruction	-	38	764	-	-	7,651	1,133
Support services	-	-	-	-	-	-	-
Total disbursements	-	38	764	-	-	7,651	1,133
Excess (deficiency) of receipts over disbursements	-	(38)	(764)	-	500	(51)	67
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	-	(38)	(764)	-	500	(51)	67
Cash and investments - beginning	568	38	764	105	-	51	-
Cash and investments - ending	<u>\$ 568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 67</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 67</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 67</u>

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

	Granville Wells PSI IOTA XI	Vocational Ed.	Granville Wells Eli Lilly Grant	Smart Resolutions	Title I	Title V Innovative Program	Criminal Justice Institute
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	500	-	500	69,397	-	-	-
Federal sources	-	-	-	-	56,770	2,373	3,881
Sale of property, adjustments and refunds	<u>624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,124</u>	<u>-</u>	<u>500</u>	<u>69,397</u>	<u>56,770</u>	<u>2,373</u>	<u>3,881</u>
Disbursements:							
Current:							
Instruction	923	-	495	56,830	44,516	1,573	-
Support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,032</u>	<u>19,803</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>923</u>	<u>-</u>	<u>495</u>	<u>58,862</u>	<u>64,319</u>	<u>1,573</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>201</u>	<u>-</u>	<u>5</u>	<u>10,535</u>	<u>(7,549)</u>	<u>800</u>	<u>3,881</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	201	-	5	10,535	(7,549)	800	3,881
Cash and investments - beginning	<u>38</u>	<u>352</u>	<u>-</u>	<u>48,148</u>	<u>14,737</u>	<u>4,554</u>	<u>-</u>
Cash and investments - ending	<u>\$ 239</u>	<u>\$ 352</u>	<u>\$ 5</u>	<u>\$ 58,683</u>	<u>\$ 7,188</u>	<u>\$ 5,354</u>	<u>\$ 3,881</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 239</u>	<u>\$ 352</u>	<u>\$ 5</u>	<u>\$ 58,683</u>	<u>\$ 7,188</u>	<u>\$ 5,354</u>	<u>\$ 3,881</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 239</u>	<u>\$ 352</u>	<u>\$ 5</u>	<u>\$ 58,683</u>	<u>\$ 7,188</u>	<u>\$ 5,354</u>	<u>\$ 3,881</u>

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

	School-To- Work	Title II	Title II Technology	English Language	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,319
State sources	-	-	-	-	-	180,186
Federal sources	-	46,651	-	1,726	-	111,401
Sale of property, adjustments and refunds	-	-	-	-	-	<u>10,939</u>
Total receipts	<u>-</u>	<u>46,651</u>	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>466,845</u>
Disbursements:						
Current:						
Instruction	-	39,730	210	-	-	275,738
Support services	-	12,761	-	-	-	<u>195,486</u>
Total disbursements	<u>-</u>	<u>52,491</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>471,224</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(5,840)</u>	<u>(210)</u>	<u>1,726</u>	<u>-</u>	<u>(4,379)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	61,540
Transfers out	-	-	-	-	-	<u>(74)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,466</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(5,840)</u>	<u>(210)</u>	<u>1,726</u>	<u>-</u>	<u>57,087</u>
Cash and investments - beginning	<u>3,350</u>	<u>59,065</u>	<u>210</u>	<u>-</u>	<u>439</u>	<u>361,805</u>
Cash and investments - ending	<u>\$ 3,350</u>	<u>\$ 53,225</u>	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 439</u>	<u>\$ 418,892</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 3,350</u>	<u>\$ 53,225</u>	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 439</u>	<u>\$ 418,892</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 3,350</u>	<u>\$ 53,225</u>	<u>\$ -</u>	<u>\$ 1,726</u>	<u>\$ 439</u>	<u>\$ 418,892</u>

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

	Indiana Next	Kindergarten Grant-Wells	WEBO Education Foundation	Music Grant Granville Wells	Bridge Grant	Foundation Grant Western Boone	PFEEP Program	Totals
Additions:								
Contributions:								
Other	\$ 294	\$ 263	\$ 31,113	\$ -	\$ -	\$ 563	\$ 10,000	\$ 42,233
Deductions:								
Administrative and general	294	193	17,647	65	-	146	-	18,345
Excess (deficiency) of total additions over total deductions	-	70	13,466	(65)	-	417	10,000	23,888
Cash and investment fund balance - beginning	-	-	45,838	65	1,019	-	-	46,922
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 59,304</u>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 417</u>	<u>\$ 10,000</u>	<u>\$ 70,810</u>
Net assets:								
Cash and investments	\$ -	\$ 70	\$ 59,304	\$ -	\$ 1,019	\$ 417	\$ 10,000	\$ 70,810
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 59,304</u>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 417</u>	<u>\$ 10,000</u>	<u>\$ 70,810</u>

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

	Kindergarten Grant-Wells	WEBO Education Foundation	Bridge Grant	Foundation Grant Western Boone	PFEEP Program	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 31,913	\$ -	\$ -	\$ -	\$ 31,913
Deductions:						
Administrative and general	70	22,060	951	232	10,000	33,313
Excess (deficiency) of total additions over total deductions	(70)	9,853	(951)	(232)	(10,000)	(1,400)
Cash and investment fund balance - beginning	70	59,304	1,019	417	10,000	70,810
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 69,157</u>	<u>\$ 68</u>	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 69,410</u>
Net assets:						
Cash and investments	\$ -	\$ 69,157	\$ 68	\$ 185	\$ -	\$ 69,410
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 69,157</u>	<u>\$ 68</u>	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 69,410</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 139,450
Buildings	32,783,115
Improvements other than buildings	1,402,035
Machinery and equipment	2,808,425
Construction in progress	<u>1,763,808</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 38,896,833</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
1998 Building Remodeling Project	\$ 8,895,000	\$ 1,298,655
2000 Building Remodeling Project	4,870,000	545,000
Technology Equipment	<u>40,760</u>	<u>41,649</u>
Total governmental activities debt	<u>\$ 13,805,760</u>	<u>\$ 1,885,304</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

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

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 28, 2008

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 05-06	\$ 26,300	\$ -
		FY 06-07	-	26,119
Total for program			<u>26,300</u>	<u>26,119</u>
National School Lunch Program	10.555			
		FY 05-06	170,905	-
		FY 06-07	-	185,172
Total for program			<u>170,905</u>	<u>185,172</u>
Total for cluster			<u>197,205</u>	<u>211,291</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Community Schools of Frankfort Special Education Cluster Special Education Grants to States	84.027		281,343	271,557
Special Education Preschool Grants	84.173		62,175	65,043
Total for cluster			<u>343,518</u>	<u>336,600</u>
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
		05-0615	5,410	-
		06-0615	43,556	14,737
		07-0615	-	49,582
Total for program			<u>48,966</u>	<u>64,319</u>
Safe and Drug Free Schools and Communities - State Grants	84.186		5,548	-
Eisenhower Professional Development State Grants	84.281		270	56
State Grants for Innovative Programs	84.298			
		FY 04-05	5,924	-
		FY 05-06	5,752	-
		FY 06-07	-	1,573
Total for program			<u>11,676</u>	<u>1,573</u>
Education Technology State Grants	84.318		5,296	210
Improving Teacher Quality State Grants	84.367		44,682	52,435
Pass-Through Crawfordsville Community School Corporation Vocational Education - Basic Grants to States	84.048		10,430	9,180
Total for federal grantor agency			<u>470,386</u>	<u>464,373</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Purdue University Block Grants for Prevention and Treatment of Substance Abuse	93.959		66,520	58,862
Total federal awards expended			<u>\$ 734,111</u>	<u>\$ 734,526</u>

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2006	2007
National School Lunch Program	10.555	\$ 21,668	\$ 26,685
School Breakfast Program	10.553	1,721	3,764

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Reportable conditions identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Special Education Cluster

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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2008 with Dr. Judi Hendrix, Superintendent of Schools; Vivian Norman, Treasurer; Terry L. Barnett, Business Manager and Jane A. Faggetti, President of the School Board. Our audit disclosed no material items that warrant comment at this time.