

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

AUDIT REPORT

OF

WARSAW COMMUNITY SCHOOLS

KOSCIUSKO COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

06/10/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Erica M. Purvis	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Robert E. Haworth Ralph J. Bailey (Interim)	07-01-06 to 07-31-08 08-01-08 to 06-30-09
President of the School Board	Ronald C. Yeiter Deborah A. Wiggins	01-01-06 to 12-31-08 01-01-09 to 12-31-09



**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](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF THE WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warsaw 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 May 7, 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.

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

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

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

May 7, 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 WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warsaw 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 May 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

May 7, 2009

WARSAW 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>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
<b>Governmental activities:</b>				
Instruction	\$ 25,896,484	\$ -	\$ 178,960	\$ (25,717,524)
Support services	24,444,627	71,232	1,073,527	(23,299,868)
Community services	292,878	-	-	(292,878)
Nonprogrammed charges	4,613,553	-	-	(4,613,553)
Debt service	<u>6,330,674</u>	<u>-</u>	<u>-</u>	<u>(6,330,674)</u>
<b>Total governmental activities</b>	<b><u>\$ 61,578,216</u></b>	<b><u>\$ 71,232</u></b>	<b><u>\$ 1,252,487</u></b>	<b><u>(60,254,497)</u></b>
General receipts:				
Property taxes				15,869,485
Other local sources				7,018,030
State aid				22,624,772
Bonds and loans				2,130,706
Grants and contributions not restricted to specific programs				5,425,911
Sale of property, adjustments, and refunds				175,399
Investment earnings				<u>942,218</u>
<b>Total general receipts</b>				<b><u>54,186,521</u></b>
Change in net assets				(6,067,976)
Net assets - beginning				<u>18,775,408</u>
Net assets - ending				<b><u>\$ 12,707,432</u></b>
<u>Assets</u>				
Cash and investments				\$ 5,284,572
Restricted assets:				
Cash and investments				<u>7,422,860</u>
<b>Total assets</b>				<b><u>\$ 12,707,432</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 723,585
Other purposes				6,699,275
Unrestricted				<u>5,284,572</u>
<b>Total net assets</b>				<b><u>\$ 12,707,432</u></b>

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

WARSAW 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>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 26,633,353	\$ -	\$ 378,724	\$ (26,254,629)
Support services	25,472,348	61,056	1,436,901	(23,974,391)
Community services	247,146	-	-	(247,146)
Nonprogrammed charges	6,509,207	-	-	(6,509,207)
Debt service	<u>6,747,691</u>	<u>-</u>	<u>-</u>	<u>(6,747,691)</u>
Total governmental activities	<u>\$ 65,609,745</u>	<u>\$ 61,056</u>	<u>\$ 1,815,625</u>	<u>(63,733,064)</u>
General receipts:				
Property taxes				25,050,108
Other local sources				4,376,858
State aid				21,981,442
Bonds and loans				2,918,155
Grants and contributions not restricted to specific programs				5,306,178
Sale of property, adjustments, and refunds				2,567,591
Investment earnings				<u>632,200</u>
Total general receipts				<u>62,832,532</u>
Change in net assets				(900,532)
Net assets - beginning				<u>12,707,432</u>
Net assets - ending				<u>\$ 11,806,900</u>
<u>Assets</u>				
Cash and investments				\$ 5,250,687
Restricted assets:				
Cash and investments				<u>6,556,213</u>
Total assets				<u>\$ 11,806,900</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 52,894
Other purposes				6,503,319
Unrestricted				<u>5,250,687</u>
Total net assets				<u>\$ 11,806,900</u>

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

WARSAW 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	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 12,074,918	\$ 1,360,215	\$ 439,577	\$ 2,951,317	\$ 4,684,310	\$ 527,453	\$ 1,861,248	\$ 23,899,038
Intermediate sources	1,927	-	-	-	-	-	-	1,927
State sources	22,765,280	-	116,207	-	-	-	295,336	23,176,823
Federal sources	-	-	-	-	-	-	6,126,346	6,126,346
Bonds and loans	2,130,706	-	-	-	-	-	-	2,130,706
Sale of property, adjustments and refunds	5,980	995	-	-	-	-	425	7,400
<b>Total receipts</b>	<b>36,978,811</b>	<b>1,361,210</b>	<b>555,784</b>	<b>2,951,317</b>	<b>4,684,310</b>	<b>527,453</b>	<b>8,283,355</b>	<b>55,342,240</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	23,789,593	-	-	-	-	-	2,106,890	25,896,483
Support services	9,047,463	2,099,604	489,946	-	6,815,916	525,986	5,465,712	24,444,627
Community services	292,878	-	-	-	-	-	-	292,878
Nonprogrammed charges	3,803,072	70,894	-	-	126,364	-	483,029	4,483,359
Debt services	1,732,393	-	-	4,055,632	-	-	542,649	6,330,674
<b>Total disbursements</b>	<b>38,665,399</b>	<b>2,170,498</b>	<b>489,946</b>	<b>4,055,632</b>	<b>6,942,280</b>	<b>525,986</b>	<b>8,598,280</b>	<b>61,448,021</b>
Excess (deficiency) of receipts over disbursements	(1,686,588)	(809,288)	65,838	(1,104,315)	(2,257,970)	1,467	(314,925)	(6,105,781)
<b>Other financing sources (uses):</b>								
Transfers in	391,860	79,081	82,592	112,529	155,605	12,350	782,189	1,616,206
Interfund loans in	-	-	-	-	-	-	162,641	162,641
Interfund loans out	-	-	-	(162,641)	-	-	-	(162,641)
Transfers out	(471,620)	(28,684)	-	(179,923)	(99,491)	(12,120)	(824,368)	(1,616,206)
<b>Total other financing sources (uses)</b>	<b>(79,760)</b>	<b>50,397</b>	<b>82,592</b>	<b>(230,035)</b>	<b>56,114</b>	<b>230</b>	<b>120,462</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,766,348)	(758,891)	148,430	(1,334,350)	(2,201,856)	1,697	(194,463)	(6,105,781)
Cash and investments - beginning	2,932,667	684,805	51,111	2,057,935	4,204,250	503,785	1,679,385	12,113,938
Cash and investments - ending	\$ 1,166,319	\$ (74,086)	\$ 199,541	\$ 723,585	\$ 2,002,394	\$ 505,482	\$ 1,484,922	6,008,157
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								6,699,275
Net assets of governmental activities								\$ 12,707,432
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,166,319	\$ (74,086)	\$ 199,541	\$ -	\$ 2,002,394	\$ 505,482	\$ 1,484,922	\$ 5,284,572
Restricted assets:								
Cash and investments	-	-	-	723,585	-	-	-	723,585
<b>Total cash and investment assets - ending</b>	<b>\$ 1,166,319</b>	<b>\$ (74,086)</b>	<b>\$ 199,541</b>	<b>\$ 723,585</b>	<b>\$ 2,002,394</b>	<b>\$ 505,482</b>	<b>\$ 1,484,922</b>	<b>\$ 6,008,157</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 723,585	\$ -	\$ -	\$ -	\$ 723,585
Unrestricted	1,166,319	(74,086)	199,541	-	2,002,394	505,482	1,484,922	5,284,572
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,166,319</b>	<b>\$ (74,086)</b>	<b>\$ 199,541</b>	<b>\$ 723,585</b>	<b>\$ 2,002,394</b>	<b>\$ 505,482</b>	<b>\$ 1,484,922</b>	<b>\$ 6,008,157</b>

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

WARSAW 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	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	2008 School Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 14,903,697	\$ 1,905,540	\$ 439,746	\$ 3,612,358	\$ 6,681,160	\$ 583,007	\$ -	\$ 1,988,669	\$ 30,114,177
Intermediate sources	6,046	-	-	-	-	-	-	-	6,046
State sources	22,168,774	-	233,441	-	-	-	-	463,335	22,865,550
Federal sources	-	-	-	-	-	-	-	6,237,695	6,237,695
Bonds and loans	2,918,155	-	-	-	-	-	-	-	2,918,155
Sale of property, adjustments and refunds	4,054	-	-	-	-	-	2,000,000	535	2,004,589
<b>Total receipts</b>	<b>40,000,726</b>	<b>1,905,540</b>	<b>673,187</b>	<b>3,612,358</b>	<b>6,681,160</b>	<b>583,007</b>	<b>2,000,000</b>	<b>8,690,234</b>	<b>64,146,212</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	25,744,266	-	-	-	-	-	-	2,849,225	28,593,491
Support services	10,163,871	2,369,296	166,824	-	7,783,274	549,640	-	5,518,056	26,550,961
Community services	299,223	-	-	-	-	-	-	5,289	304,512
Nonprogrammed charges	2,184,389	35,633	-	-	60,659	-	-	373,452	2,654,133
Debt services	2,130,706	-	-	4,073,375	-	-	-	543,610	6,747,691
<b>Total disbursements</b>	<b>40,522,455</b>	<b>2,404,929</b>	<b>166,824</b>	<b>4,073,375</b>	<b>7,843,933</b>	<b>549,640</b>	<b>-</b>	<b>9,289,632</b>	<b>64,850,788</b>
Excess (deficiency) of receipts over disbursements	(521,729)	(499,389)	506,363	(461,017)	(1,162,773)	33,367	2,000,000	(599,398)	(704,576)
<b>Other financing sources (uses):</b>									
Transfers in	-	-	93,669	-	-	-	-	668,426	762,095
Interfund loans in	-	-	-	162,641	-	-	-	240,274	402,915
Interfund loans out	-	-	-	(240,274)	-	-	-	(162,641)	(402,915)
Transfers out	(395,874)	(20,230)	-	(132,041)	(70,961)	(6,193)	-	(136,796)	(762,095)
<b>Total other financing sources (uses)</b>	<b>(395,874)</b>	<b>(20,230)</b>	<b>93,669</b>	<b>(209,674)</b>	<b>(70,961)</b>	<b>(6,193)</b>	<b>-</b>	<b>609,263</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(917,603)	(519,619)	600,032	(670,691)	(1,233,734)	27,174	2,000,000	9,865	(704,576)
Cash and investments - beginning	1,166,319	(74,086)	199,541	723,585	2,002,394	505,482	-	1,484,922	6,008,157
Cash and investments - ending	\$ 248,716	\$ (593,705)	\$ 799,573	\$ 52,894	\$ 768,660	\$ 532,656	\$ 2,000,000	\$ 1,494,787	5,303,581
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									6,503,319
Net assets of governmental activities									\$ 11,806,900
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 248,716	\$ (593,705)	\$ 799,573	\$ -	\$ 768,660	\$ 532,656	\$ 2,000,000	\$ 1,494,787	\$ 5,250,687
<b>Restricted assets:</b>									
Cash and investments	-	-	-	52,894	-	-	-	-	52,894
<b>Total cash and investment assets - ending</b>	<b>\$ 248,716</b>	<b>\$ (593,705)</b>	<b>\$ 799,573</b>	<b>\$ 52,894</b>	<b>\$ 768,660</b>	<b>\$ 532,656</b>	<b>\$ 2,000,000</b>	<b>\$ 1,494,787</b>	<b>\$ 5,303,581</b>
<b>Cash and Investment Fund Balance - Ending</b>									
<b>Restricted for:</b>									
Debt service	\$ -	\$ -	\$ -	\$ 52,894	\$ -	\$ -	\$ -	\$ -	\$ 52,894
Unrestricted	248,716	(593,705)	799,573	-	768,660	532,656	2,000,000	1,494,787	5,250,687
<b>Total cash and investment fund balance - ending</b>	<b>\$ 248,716</b>	<b>\$ (593,705)</b>	<b>\$ 799,573</b>	<b>\$ 52,894</b>	<b>\$ 768,660</b>	<b>\$ 532,656</b>	<b>\$ 2,000,000</b>	<b>\$ 1,494,787</b>	<b>\$ 5,303,581</b>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 4,720,230
Miscellaneous	<u>167,999</u>
Total operating receipts	<u>4,888,229</u>
Operating disbursements:	
Insurance claims and expense	<u>4,850,424</u>
Change in net assets	37,805
Cash and investment fund balance - beginning	<u>6,661,470</u>
Cash and investment fund balance - ending	<u>\$ 6,699,275</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 6,699,275</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 6,699,275</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 5,872,981
Miscellaneous	563,001
Total operating receipts	<u>6,435,982</u>
Operating disbursements:	
Insurance claims and expense	2,838,246
Other	3,793,692
Total operating disbursements	<u>6,631,938</u>
Change in net assets	(195,956)
Cash and investment fund balance - beginning	<u>6,699,275</u>
Cash and investment fund balance - ending	<u>\$ 6,503,319</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 6,503,319</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 6,503,319</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 91,945	\$ -
Other	2,844	417,974
	<u>94,789</u>	<u>417,974</u>
Deductions:		
Benefits	234,353	-
Administrative and general	-	350,115
	<u>234,353</u>	<u>350,115</u>
Excess (deficiency) of total additions over total deductions	(139,564)	67,859
Cash and investment fund balance - beginning	<u>618,757</u>	<u>1,444,298</u>
Cash and investment fund balance - ending	<u>\$ 479,193</u>	<u>\$ 1,512,157</u>
Net assets:		
Cash and investments	<u>\$ 479,193</u>	<u>\$ 1,512,157</u>
Total net assets - cash and investment basis held in trust	<u>\$ 479,193</u>	<u>\$ 1,512,157</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 29,600	\$ -
Other	2,500	435,262
Total contributions	32,100	435,262
Deductions:		
Benefits	115,709	-
Administrative and general	-	413,671
Total deductions	115,709	413,671
Excess (deficiency) of total additions over total deductions	(83,609)	21,591
Cash and investment fund balance - beginning	479,193	1,512,157
Cash and investment fund balance - ending	\$ 395,584	\$ 1,533,748
Net assets:		
Cash and investments	\$ 395,584	\$ 1,533,748
Total net assets - cash and investment basis held in trust	\$ 395,584	\$ 1,533,748

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

WARSAW 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 School Corporation (primary government).

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

Joint Ventures

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

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

The School Corporation is a participant with numerous school corporations in a joint venture to operate Region 8 Education Service Center (Region 8) which was created to provide education services to its members. The School Corporation is obligated by contract to remit annually an amount based on a formula per ADM to supplement Region 8 whose continued existence depends on continued funding by the School Corporation. Complete financial statements for Region 8 can be obtained from the administrative office at 107 North Walnut Street, P.O. Box 409, Columbia City, IN 46725.

The School Corporation is a participant with four other school corporations in a joint venture to operate North Central Indiana Special Education Cooperative (NCI) which was created to implement jointly operated services for the education of students with disabilities. The NCI's continued existence depends on continued funding through a federal grant program. Participating school corporations employ personnel and provide facilities for local special education programs housed

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

within its boundaries. Member school corporations are assessed their share of the program administrative costs. No other fees are assessed member school corporations for the operation of this program, unless personnel or facilities are shared with another member school corporation. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. As of June 30, 2008, the NCI had \$468,316 payable to member school corporations. This balance resulted from selling the administration building and other sources. The School Corporation's share of this balance was \$252,223. Complete financial statements for the NCI can be obtained from its administrative office at One Administration Drive, Warsaw, IN 46581.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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.

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

The 2008 school construction fund is used to account for receipts and disbursements involved in the construction and/or renovation of existing school facilities.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for health benefit costs provided to employees and to retirees.

The pension trust funds account for the activities of the retirement/severance bond fund and postretirement/severance future benefit fund, which accumulate resources for pension benefit payments.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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.

WARSAW 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 not distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

WARSAW 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 reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

WARSAW 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 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. Cash and Investment 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:

Fund	June 30, 2007	June 30, 2008
Transportation Operating	\$ 74,086	\$ 593,705
WCS Joint Service	2,267	-
ABE Kosciusko Community Foundation Grant	4,139	-
Extra Curricular	318	-
Carl Perkins Grant 06/07	23,600	-
Carl Perkins Grant 07/08	-	31,262
Project Lead The Way	4,084	-
Title II Improvement Teacher	-	25,068

Cash and investment deficits arose primarily from disbursements exceeding receipts due to late property tax distributions, reimbursement grants and the underestimate of current requirements. These deficits are to be repaid from future receipts.

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Statutory Authorization for Investments

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

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

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	June 30, 2007	June 30, 2008
General Fund	Other governmental funds	\$ 471,620	\$ 395,874
Debt Service Fund	Transportation Operating Fund	31,385	-
Debt Service Fund	Textbook Rental Fund	82,592	93,669
Debt Service Fund	Other governmental funds	65,946	38,372
Capital Projects Fund	Other governmental funds	99,491	70,961
Transportation Operating Fund	Other governmental funds	28,684	20,230
School Bus Replacement Fund	Other governmental funds	12,120	6,193
Other governmental funds	General Fund	391,860	-
Other governmental funds	Debt Service Fund	112,529	-
Other governmental funds	Capital Projects Fund	155,605	-
Other governmental funds	Transportation Operating Fund	47,696	-
Other governmental funds	School Bus Replacement Fund	12,350	-
Other governmental funds	Other governmental funds	<u>104,328</u>	<u>136,796</u>
Totals		<u>\$ 1,616,206</u>	<u>\$ 762,095</u>

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

C. Restatements and Reclassifications

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

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2007
Governmental activities	\$ 12,143,264	\$ (29,326)	\$ 12,113,938
Aggregate remaining fund information	1,414,972	29,326	1,444,298

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds 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 Warsaw Community High School Building Corporation and Warsaw Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the fiscal year ended June 30, 2008, totaled \$4,001,500.

C. Subsequent Events

On July 2, 2008, the School Corporation obtained a loan in the amount of \$2,884,692 to fund a Guaranteed Energy Savings Contract for improvements to the high school building. The loan bears interest at 4.26% and is payable in semiannual installments of \$182,760 beginning June 30, 2009. The loan matures on December 31, 2018.

On December 10, 2008, the School Corporation entered into a lease agreement with the Multi-School Building Corporation for additions and renovations to the elementary school buildings, in the amount of \$42,710,000. The lease is payable in semiannual installments of approximately \$1,806,000 beginning June 30, 2009. The lease ends on December 31, 2027.

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment medical and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service and 15 years of participation in a retirement plan. Currently, 19 retirees meet these eligibility requirements. The retirees provide 100% of the calculated annual premium costs and the School Corporation pays for the covered benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, net disbursements of \$106,190 were recognized for postemployment benefits.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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.

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 326,478
Interest on net pension obligation	(9,782)
Adjustment to annual required contribution	11,148
Annual pension cost	327,844
Contributions made	276,790
Increase in net pension obligation	51,054
Net pension obligation, beginning of year	(134,930)
Net pension obligation, end of year	\$ (83,876)

	PERF
Contribution rates:	
School Corporation	5.75%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 244,543	104%	\$ (161,550)
	06-30-06	289,198	91%	(134,930)
	06-30-07	327,844	84%	(83,876)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

WARSAW COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$819,743, \$701,595, and \$638,301, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

WARSAW 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)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 5,823,820	\$ 6,097,913	\$ (274,093)	96%	\$ 4,906,508	(6%)
07-01-06	6,065,068	6,090,941	(25,873)	100%	5,018,633	(1%)
07-01-07	6,660,588	6,457,262	203,326	103%	5,186,125	4%

WARSAW 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	Levy Excess	Joint Service Coop	WCS Joint Service	Alternative Education	Early Intervention Grant
<b>Receipts:</b>							
Local sources	\$ 34,485	\$ 1,373,262	\$ -	\$ 757	\$ -	\$ -	\$ -
State sources	174,025	30,561	-	-	-	50,798	1,500
Federal sources	-	926,758	-	-	-	-	-
Sale of property, adjustments and refunds	-	425	-	-	-	-	-
<b>Total receipts</b>	<b>208,510</b>	<b>2,331,006</b>	<b>-</b>	<b>757</b>	<b>-</b>	<b>50,798</b>	<b>1,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	221,607	-	-	-	2,267	261,958	-
Support services	16,964	2,364,585	-	18,664	-	-	3,000
Nonprogrammed charges	35,369	208,220	-	-	-	23,396	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>273,940</b>	<b>2,572,805</b>	<b>-</b>	<b>18,664</b>	<b>2,267</b>	<b>285,354</b>	<b>3,000</b>
Excess (deficiency) of receipts over disbursements	(65,430)	(241,799)	-	(17,907)	(2,267)	(234,556)	(1,500)
<b>Other financing sources (uses):</b>							
Transfers in	942	-	441,446	-	-	245,444	-
Interfund loans in	-	-	-	-	-	-	-
Transfers out	(764)	-	(735,456)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>178</b>	<b>-</b>	<b>(294,010)</b>	<b>-</b>	<b>-</b>	<b>245,444</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,252)	(241,799)	(294,010)	(17,907)	(2,267)	10,888	(1,500)
Cash and investments - beginning	207,077	565,137	294,010	546,208	-	18,382	1,500
Cash and investments - ending	\$ 141,825	\$ 323,338	\$ -	\$ 528,301	\$ (2,267)	\$ 29,270	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 141,825	\$ 323,338	\$ -	\$ 528,301	\$ (2,267)	\$ 29,270	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 141,825	\$ 323,338	\$ -	\$ 528,301	\$ (2,267)	\$ 29,270	\$ -

WARSAW 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)

	Gifted Talented 05/06 Grant	Gifted Talented 06/07 Grant	Non English Speaking Program	School Technology	Gifted Talented In/Out	Title I 05/06	Title I 06/07
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 78,987	\$ 500	\$ -	\$ -
State sources	-	22,387	16,065	-	-	-	-
Federal sources	-	-	-	-	-	65,000	645,000
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>22,387</b>	<b>16,065</b>	<b>78,987</b>	<b>500</b>	<b>65,000</b>	<b>645,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	3,700	19,556	8,616	-	235	47,406	508,600
Support services	-	-	-	80,836	-	13,004	79,346
Nonprogrammed charges	-	-	-	-	-	7,991	32,652
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,700</b>	<b>19,556</b>	<b>8,616</b>	<b>80,836</b>	<b>235</b>	<b>68,401</b>	<b>620,598</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,700)</b>	<b>2,831</b>	<b>7,449</b>	<b>(1,849)</b>	<b>265</b>	<b>(3,401)</b>	<b>24,402</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,700)</b>	<b>2,831</b>	<b>7,449</b>	<b>(1,849)</b>	<b>265</b>	<b>(3,401)</b>	<b>24,402</b>
<b>Cash and investments - beginning</b>	<b>3,700</b>	<b>-</b>	<b>12,725</b>	<b>1,849</b>	<b>1,122</b>	<b>3,401</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 2,831</b>	<b>\$ 20,174</b>	<b>\$ -</b>	<b>\$ 1,387</b>	<b>\$ -</b>	<b>\$ 24,402</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 2,831</b>	<b>\$ 20,174</b>	<b>\$ -</b>	<b>\$ 1,387</b>	<b>\$ -</b>	<b>\$ 24,402</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 2,831</b>	<b>\$ 20,174</b>	<b>\$ -</b>	<b>\$ 1,387</b>	<b>\$ -</b>	<b>\$ 24,402</b>

WARSAW 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 Distinguished School	Title I School Improvement	Title V 04-199	Title V 05/06	Title V 07/08	Migrant Grant 05/06	Migrant Grant 06/07
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	15,000	50,000	-	20,000	8,329	-	120,000
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>15,000</b>	<b>50,000</b>	<b>-</b>	<b>20,000</b>	<b>8,329</b>	<b>-</b>	<b>120,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,522	-	-	-	-	-	89,271
Support services	8,285	25,000	640	14,804	2,743	40	18,810
Nonprogrammed charges	-	-	-	-	-	-	10,209
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>12,807</b>	<b>25,000</b>	<b>640</b>	<b>14,804</b>	<b>2,743</b>	<b>40</b>	<b>118,290</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,193</b>	<b>25,000</b>	<b>(640)</b>	<b>5,196</b>	<b>5,586</b>	<b>(40)</b>	<b>1,710</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,193</b>	<b>25,000</b>	<b>(640)</b>	<b>5,196</b>	<b>5,586</b>	<b>(40)</b>	<b>1,710</b>
Cash and investments - beginning	-	-	640	(4,516)	-	40	-
Cash and investments - ending	\$ 2,193	\$ 25,000	\$ -	\$ 680	\$ 5,586	\$ -	\$ 1,710
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,193	\$ 25,000	\$ -	\$ 680	\$ 5,586	\$ -	\$ 1,710
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 2,193	\$ 25,000	\$ -	\$ 680	\$ 5,586	\$ -	\$ 1,710

WARSAW 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)

	Serve America PL 101-610	Special Education Federal 06/07	14205-045-DY01 Sliver	Part B Carryover	47506-045-PN01 Preschool	45707-045-PN01 Preschool	Preschool Carryover
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	2,690,745	67,769	-	15,801	77,040	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>2,690,745</b>	<b>67,769</b>	<b>-</b>	<b>15,801</b>	<b>77,040</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	258	465,890	3,503	-	3,265	34,118	1,890
Support services	9,927	2,061,350	67,848	43,073	7,545	38,188	-
Nonprogrammed charges	-	103,932	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,185</b>	<b>2,631,172</b>	<b>71,351</b>	<b>43,073</b>	<b>10,810</b>	<b>72,306</b>	<b>1,890</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(10,185)</b>	<b>59,573</b>	<b>(3,582)</b>	<b>(43,073)</b>	<b>4,991</b>	<b>4,734</b>	<b>(1,890)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	77,993	-	-	1,890
Interfund loans in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,890)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,993</b>	<b>(1,890)</b>	<b>-</b>	<b>1,890</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(10,185)</b>	<b>59,573</b>	<b>(3,582)</b>	<b>34,920</b>	<b>3,101</b>	<b>4,734</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>10,185</b>	<b>-</b>	<b>3,582</b>	<b>-</b>	<b>(3,101)</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 59,573</b>	<b>\$ -</b>	<b>\$ 34,920</b>	<b>\$ -</b>	<b>\$ 4,734</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 59,573</b>	<b>\$ -</b>	<b>\$ 34,920</b>	<b>\$ -</b>	<b>\$ 4,734</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 59,573</b>	<b>\$ -</b>	<b>\$ 34,920</b>	<b>\$ -</b>	<b>\$ 4,734</b>	<b>\$ -</b>

WARSAW 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)

	45705-045-PN01 Preschool	45705-045-PN01 Preschool Carryover	06-8038 ABE Grant	07-8038 ABE Grant	Drug Free Grant 04-194	Drug Free Grant 84.186	14206-045-PN01 Part B
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	82,053	-	28,308	585,437
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,053</b>	<b>-</b>	<b>28,308</b>	<b>585,437</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	2,539	7,076	60,500	-	-	32,276
Support services	33	1,895	862	10,374	9,800	2,200	356,444
Nonprogrammed charges	-	-	-	268	8,000	5,000	18,908
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>33</b>	<b>4,434</b>	<b>7,938</b>	<b>71,142</b>	<b>17,800</b>	<b>7,200</b>	<b>407,628</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(33)</b>	<b>(4,434)</b>	<b>(7,938)</b>	<b>10,911</b>	<b>(17,800)</b>	<b>21,108</b>	<b>177,809</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(77,993)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,993)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(33)</b>	<b>(4,434)</b>	<b>(7,938)</b>	<b>10,911</b>	<b>(17,800)</b>	<b>21,108</b>	<b>99,816</b>
<b>Cash and investments - beginning</b>	<b>33</b>	<b>4,434</b>	<b>7,938</b>	<b>-</b>	<b>17,800</b>	<b>-</b>	<b>(99,816)</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,911</b>	<b>\$ -</b>	<b>\$ 21,108</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,911</b>	<b>\$ -</b>	<b>\$ 21,108</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,911</b>	<b>\$ -</b>	<b>\$ 21,108</b>	<b>\$ -</b>

WARSAW 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)

	Special Education 14205-05-PN01	14206-062-DY01 Part B Disc	14204-039-DY01 Special Education	Carl Perkins Grant 05/06	Carl Perkins Grant 06/07	Project Lead The Way	Medicaid Reimbursement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	87,690	-	34,445	99,381	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>87,690</b>	<b>-</b>	<b>34,445</b>	<b>99,381</b>	<b>-</b>	<b>-</b>
Disbursements:							
Current:							
Instruction	-	104	-	-	122,981	4,084	-
Support services	4,085	243	177	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,085</b>	<b>347</b>	<b>177</b>	<b>-</b>	<b>122,981</b>	<b>4,084</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(4,085)	87,343	(177)	34,445	(23,600)	(4,084)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,085)	87,343	(177)	34,445	(23,600)	(4,084)	-
Cash and investments - beginning	4,085	-	177	(34,445)	-	-	31,740
Cash and investments - ending	<u>\$ -</u>	<u>\$ 87,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,600)</u>	<u>\$ (4,084)</u>	<u>\$ 31,740</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ -</u>	<u>\$ 87,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,600)</u>	<u>\$ (4,084)</u>	<u>\$ 31,740</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ -</u>	<u>\$ 87,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,600)</u>	<u>\$ (4,084)</u>	<u>\$ 31,740</u>

WARSAW 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 II Improvement Teacher	Title II Tech	Title III 06/07	Title II 04-226	Pension Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 373,257	\$ 1,861,248
State sources	-	-	-	-	-	295,336
Federal sources	172,219	13,096	287,051	35,224	-	6,126,346
Sale of property, adjustments and refunds	-	-	-	-	-	425
<b>Total receipts</b>	<u>172,219</u>	<u>13,096</u>	<u>287,051</u>	<u>35,224</u>	<u>373,257</u>	<u>8,283,355</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	14,935	-	180,879	4,854	-	2,106,890
Support services	133,470	15,999	218	55,260	-	5,465,712
Nonprogrammed charges	9,925	-	12,956	6,203	-	483,029
Debt services	-	-	-	-	542,649	542,649
<b>Total disbursements</b>	<u>158,330</u>	<u>15,999</u>	<u>194,053</u>	<u>66,317</u>	<u>542,649</u>	<u>8,598,280</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>13,889</u>	<u>(2,903)</u>	<u>92,998</u>	<u>(31,093)</u>	<u>(169,392)</u>	<u>(314,925)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	14,474	782,189
Interfund loans in	-	-	-	-	162,641	162,641
Transfers out	-	-	-	-	(8,265)	(824,368)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,850</u>	<u>120,462</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>13,889</u>	<u>(2,903)</u>	<u>92,998</u>	<u>(31,093)</u>	<u>(542)</u>	<u>(194,463)</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>12,964</u>	<u>40,899</u>	<u>31,093</u>	<u>542</u>	<u>1,679,385</u>
<b>Cash and investments - ending</b>	<u>\$ 13,889</u>	<u>\$ 10,061</u>	<u>\$ 133,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,484,922</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<u>\$ 13,889</u>	<u>\$ 10,061</u>	<u>\$ 133,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,484,922</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<u>\$ 13,889</u>	<u>\$ 10,061</u>	<u>\$ 133,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,484,922</u>

WARSAW 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	Levy Excess	Joint Service Coop	WCS Joint Service	Alternative Education	Early Intervention Grant
<b>Receipts:</b>							
Local sources	\$ 43,440	\$ 1,400,558	\$ -	\$ -	\$ -	\$ 127	\$ -
State sources	180,527	44,880	-	-	-	38,586	7,500
Federal sources	-	1,158,580	-	-	-	-	-
Sale of property, adjustments and refunds	-	535	-	-	-	-	-
<b>Total receipts</b>	<b>223,967</b>	<b>2,604,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,713</b>	<b>7,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	232,871	-	-	-	392	293,626	-
Support services	16,221	2,414,475	-	53,454	3,872	-	7,500
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	18,210	207,959	-	-	-	14,163	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>267,302</b>	<b>2,622,434</b>	<b>-</b>	<b>53,454</b>	<b>4,264</b>	<b>307,789</b>	<b>7,500</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(43,335)</b>	<b>(17,881)</b>	<b>-</b>	<b>(53,454)</b>	<b>(4,264)</b>	<b>(269,076)</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	286,689	-	6,531	250,405	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	(462)	-	-	(6,531)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(462)</b>	<b>-</b>	<b>286,689</b>	<b>(6,531)</b>	<b>6,531</b>	<b>250,405</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(43,797)</b>	<b>(17,881)</b>	<b>286,689</b>	<b>(59,985)</b>	<b>2,267</b>	<b>(18,671)</b>	<b>-</b>
Cash and investments - beginning	141,825	323,338	-	528,301	(2,267)	29,270	-
Cash and investments - ending	<u>\$ 98,028</u>	<u>\$ 305,457</u>	<u>\$ 286,689</u>	<u>\$ 468,316</u>	<u>\$ -</u>	<u>\$ 10,599</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ 98,028</u>	<u>\$ 305,457</u>	<u>\$ 286,689</u>	<u>\$ 468,316</u>	<u>\$ -</u>	<u>\$ 10,599</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ 98,028</u>	<u>\$ 305,457</u>	<u>\$ 286,689</u>	<u>\$ 468,316</u>	<u>\$ -</u>	<u>\$ 10,599</u>	<u>\$ -</u>

WARSAW 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)

	Gifted Talented 06/07 Grant	Gifted Talented 07/08 Grant	Non English Speaking Program	School Technology	Gifted Talented In/Out	Title I 06/07	Title I Distinguished School
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 73,565	\$ -	\$ -	\$ -
State sources	-	56,119	135,273	-	-	-	-
Federal sources	-	-	-	-	-	57,445	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>56,119</b>	<b>135,273</b>	<b>73,565</b>	<b>-</b>	<b>57,445</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,831	28,756	136,667	-	1,033	52,836	1,503
Support services	-	-	-	73,565	-	22,681	690
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	6,532	-	-	6,330	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,831</b>	<b>28,756</b>	<b>143,199</b>	<b>73,565</b>	<b>1,033</b>	<b>81,847</b>	<b>2,193</b>
Excess (deficiency) of receipts over disbursements	(2,831)	27,363	(7,926)	-	(1,033)	(24,402)	(2,193)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,831)	27,363	(7,926)	-	(1,033)	(24,402)	(2,193)
Cash and investments - beginning	2,831	-	20,174	-	1,387	24,402	2,193
Cash and investments - ending	\$ -	\$ 27,363	\$ 12,248	\$ -	\$ 354	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 27,363	\$ 12,248	\$ -	\$ 354	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 27,363	\$ 12,248	\$ -	\$ 354	\$ -	\$ -

WARSAW 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 School Improvement	Title I 07/08	Title V 05/06	Title V 07/08	Title V 08/09	Migrant Grant 06/07	Migrant Grant 07/08
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	821,707	-	3,000	4,039	-	180,000
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	821,707	-	3,000	4,039	-	180,000
Disbursements:							
Current:							
Instruction	-	739,555	-	-	-	-	147,164
Support services	25,000	-	680	8,039	2,965	1,710	28,228
Community services	-	5,289	-	-	-	-	-
Nonprogrammed charges	-	24,200	-	-	-	-	4,608
Debt services	-	-	-	-	-	-	-
Total disbursements	25,000	769,044	680	8,039	2,965	1,710	180,000
Excess (deficiency) of receipts over disbursements	(25,000)	52,663	(680)	(5,039)	1,074	(1,710)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,000)	52,663	(680)	(5,039)	1,074	(1,710)	-
Cash and investments - beginning	25,000	-	680	5,586	-	1,710	-
Cash and investments - ending	\$ -	\$ 52,663	\$ -	\$ 547	\$ 1,074	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 52,663	\$ -	\$ 547	\$ 1,074	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ 52,663	\$ -	\$ 547	\$ 1,074	\$ -	\$ -

WARSAW 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)

	Migrant Summer School	Special Education Federal 06/07	Special Education Federal 07/08	14207-045-PY02 Carryover	Project Achieve Read	Part B Carryover	45707-045-PN01 Preschool
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	50,000	224,930	2,733,938	-	87,690	-	6,417
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>50,000</u>	<u>224,930</u>	<u>2,733,938</u>	<u>-</u>	<u>87,690</u>	<u>-</u>	<u>6,417</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	18,153	21,736	479,946	112	11,472	685	1,068
Support services	-	151,587	2,168,754	60,477	565	34,235	3,182
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	65,851	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>18,153</u>	<u>173,323</u>	<u>2,714,551</u>	<u>60,589</u>	<u>12,037</u>	<u>34,920</u>	<u>4,250</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>31,847</u>	<u>51,607</u>	<u>19,387</u>	<u>(60,589)</u>	<u>75,653</u>	<u>(34,920)</u>	<u>2,167</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	111,180	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	-	(111,180)	-	-	-	-	(6,901)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(111,180)</u>	<u>-</u>	<u>111,180</u>	<u>-</u>	<u>-</u>	<u>(6,901)</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>31,847</u>	<u>(59,573)</u>	<u>19,387</u>	<u>50,591</u>	<u>75,653</u>	<u>(34,920)</u>	<u>(4,734)</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>59,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,920</u>	<u>4,734</u>
<b>Cash and investments - ending</b>	<u>\$ 31,847</u>	<u>\$ -</u>	<u>\$ 19,387</u>	<u>\$ 50,591</u>	<u>\$ 75,653</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
<b>Cash and investments</b>	<u>\$ 31,847</u>	<u>\$ -</u>	<u>\$ 19,387</u>	<u>\$ 50,591</u>	<u>\$ 75,653</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
<b>Unrestricted</b>	<u>\$ 31,847</u>	<u>\$ -</u>	<u>\$ 19,387</u>	<u>\$ 50,591</u>	<u>\$ 75,653</u>	<u>\$ -</u>	<u>\$ -</u>

WARSAW 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)

	45708-045-PN01 Preschool	45702-045-PY02 Preschool	08-8038 ABE Grant	07-8038 ABE Grant	Safe and Drug Free 84.186	Drug Free Grant 84.186	14206-062-DY01 Part B Disc
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	78,493	-	80,121	-	22,400	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>78,493</b>	<b>-</b>	<b>80,121</b>	<b>-</b>	<b>22,400</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	36,601	3,092	54,337	10,911	-	-	58,884
Support services	39,166	-	10,666	-	-	21,108	28,459
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	582	-	5,680	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>75,767</b>	<b>3,092</b>	<b>65,585</b>	<b>10,911</b>	<b>5,680</b>	<b>21,108</b>	<b>87,343</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,726</b>	<b>(3,092)</b>	<b>14,536</b>	<b>(10,911)</b>	<b>16,720</b>	<b>(21,108)</b>	<b>(87,343)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	6,901	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(6,720)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,901</b>	<b>-</b>	<b>-</b>	<b>(6,720)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,726</b>	<b>3,809</b>	<b>14,536</b>	<b>(10,911)</b>	<b>10,000</b>	<b>(21,108)</b>	<b>(87,343)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,911</b>	<b>-</b>	<b>21,108</b>	<b>87,343</b>
<b>Cash and investments - ending</b>	<b>\$ 2,726</b>	<b>\$ 3,809</b>	<b>\$ 14,536</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ 2,726</u>	<u>\$ 3,809</u>	<u>\$ 14,536</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ 2,726</u>	<u>\$ 3,809</u>	<u>\$ 14,536</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>

WARSAW 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)

	Carl Perkins Grant 06/07	Project Lead The Way	Moving Forward Grant	Carl Perkins Grant 07/08	Moving Forward AG Grant	High Schools That Work	Medicaid Reimbursement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	450	-
Federal sources	31,482	23,886	32,347	99,583	34,600	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>31,482</b>	<b>23,886</b>	<b>32,347</b>	<b>99,583</b>	<b>34,600</b>	<b>450</b>	<b>-</b>
Disbursements:							
Current:							
Instruction	7,882	16,929	32,347	130,845	24,699	450	761
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,882</b>	<b>16,929</b>	<b>32,347</b>	<b>130,845</b>	<b>24,699</b>	<b>450</b>	<b>761</b>
Excess (deficiency) of receipts over disbursements	23,600	6,957	-	(31,262)	9,901	-	(761)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Interfund loans in	-	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,600	6,957	-	(31,262)	9,901	-	(761)
Cash and investments - beginning	(23,600)	(4,084)	-	-	-	-	31,740
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 2,873</b>	<b>\$ -</b>	<b>\$ (31,262)</b>	<b>\$ 9,901</b>	<b>\$ -</b>	<b>\$ 30,979</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 2,873	\$ -	\$ (31,262)	\$ 9,901	\$ -	\$ 30,979
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 2,873	\$ -	\$ (31,262)	\$ 9,901	\$ -	\$ 30,979

WARSAW 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)

	Ed Tech Inaccess Grant	Title II Improvement Teacher	Title II Tech	Title III 06/07	Pension Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 470,979	\$ 1,988,669
State sources	-	-	-	-	-	463,335
Federal sources	163,790	205,973	-	137,274	-	6,237,695
Sale of property, adjustments and refunds	-	-	-	-	-	535
<b>Total receipts</b>	<b>163,790</b>	<b>205,973</b>	<b>-</b>	<b>137,274</b>	<b>470,979</b>	<b>8,690,234</b>
Disbursements:						
Current:						
Instruction	43	43,627	-	257,411	-	2,849,225
Support services	128,464	200,538	10,061	1,714	-	5,518,056
Community services	-	-	-	-	-	5,289
Nonprogrammed charges	-	7,485	-	11,852	-	373,452
Debt services	-	-	-	-	543,610	543,610
<b>Total disbursements</b>	<b>128,507</b>	<b>251,650</b>	<b>10,061</b>	<b>270,977</b>	<b>543,610</b>	<b>9,289,632</b>
Excess (deficiency) of receipts over disbursements	35,283	(45,677)	(10,061)	(133,703)	(72,631)	(599,398)
Other financing sources (uses):						
Transfers in	-	6,720	-	-	-	668,426
Interfund loans in	-	-	-	-	240,274	240,274
Interfund loans out	-	-	-	-	(162,641)	(162,641)
Transfers out	-	-	-	-	(5,002)	(136,796)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,720</b>	<b>-</b>	<b>-</b>	<b>72,631</b>	<b>609,263</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,283	(38,957)	(10,061)	(133,703)	-	9,865
Cash and investments - beginning	-	13,889	10,061	133,897	-	1,484,922
Cash and investments - ending	<u>\$ 35,283</u>	<u>\$ (25,068)</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 1,494,787</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 35,283</u>	<u>\$ (25,068)</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 1,494,787</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 35,283</u>	<u>\$ (25,068)</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 1,494,787</u>

WARSAW COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 91,945	\$ 91,945
Other	-	2,844	2,844
	-	94,789	94,789
Deductions:			
Benefits	142,908	91,445	234,353
	(142,908)	3,344	(139,564)
Excess (deficiency) of total additions over total deductions			
Cash and investment fund balance - beginning	618,757	-	618,757
Cash and investment fund balance - ending	\$ 475,849	\$ 3,344	\$ 479,193
Net assets:			
Cash and investments	\$ 475,849	\$ 3,344	\$ 479,193
Total net assets - cash and investment basis held in trust	\$ 475,849	\$ 3,344	\$ 479,193

WARSAW COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 29,600	\$ 29,600
Other	-	2,500	2,500
	-	32,100	32,100
Total contributions			
Deductions:			
Benefits	80,265	35,444	115,709
Deficiency of total additions over total deductions	(80,265)	(3,344)	(83,609)
Cash and investment fund balance - beginning	475,849	3,344	479,193
Cash and investment fund balance - ending	\$ 395,584	\$ -	\$ 395,584
Net assets:			
Cash and investments	\$ 395,584	\$ -	\$ 395,584
Total net assets - cash and investment basis held in trust	\$ 395,584	\$ -	\$ 395,584

WARSAW 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

	ABE Kosciusko Community Foundation 21st Century	Time Technology Integration	All Write DEKKO	ABE Kosciusko Community Foundation Grant	ABE Reimbursable	Extra Curricular
Additions:						
Contributions:						
Other	\$ 7,359	\$ -	\$ -	\$ -	\$ 154,766	\$ 31,145
Deductions:						
Administrative and general	3,850	11,427	2,129	4,139	131,430	31,520
Excess (deficiency) of total additions over total deductions	3,509	(11,427)	(2,129)	(4,139)	23,336	(375)
Cash and investment fund balance - beginning	(3,509)	30,706	2,129	-	167,507	57
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 19,279</u>	<u>\$ -</u>	<u>\$ (4,139)</u>	<u>\$ 190,843</u>	<u>\$ (318)</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 19,279</u>	<u>\$ -</u>	<u>\$ (4,139)</u>	<u>\$ 190,843</u>	<u>\$ (318)</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 19,279</u>	<u>\$ -</u>	<u>\$ (4,139)</u>	<u>\$ 190,843</u>	<u>\$ (318)</u>

WARSAW 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  
 (Continued)

	NCI In/Out	General In/Out	Insurance Reserve	Driver's Education	Totals
Additions:					
Contributions:					
Other	\$ 6,269	\$ 133,450	\$ -	\$ 84,985	\$ 417,974
Deductions:					
Administrative and general	7,984	139,539	-	18,097	350,115
Excess (deficiency) of total additions over total deductions	(1,715)	(6,089)	-	66,888	67,859
Cash and investment fund balance - beginning	11,981	127,345	1,108,082	-	1,444,298
Cash and investments - June 30	<u>\$ 10,266</u>	<u>\$ 121,256</u>	<u>\$ 1,108,082</u>	<u>\$ 66,888</u>	<u>\$ 1,512,157</u>
Net assets:					
Cash and investments	<u>\$ 10,266</u>	<u>\$ 121,256</u>	<u>\$ 1,108,082</u>	<u>\$ 66,888</u>	<u>\$ 1,512,157</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,266</u>	<u>\$ 121,256</u>	<u>\$ 1,108,082</u>	<u>\$ 66,888</u>	<u>\$ 1,512,157</u>

WARSAW 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

	Time Technology Integration	ABE Kosciusko Community Foundation Grant	ABE Reimbursable	Extra Curricular	NCI In/Out
Additions:					
Contributions:					
Other	\$ -	\$ 9,652	\$ 172,461	\$ 38,580	\$ 9,488
Deductions:					
Administrative and general	5,898	5,513	138,655	37,419	7,871
Excess (deficiency) of total additions over total deductions	(5,898)	4,139	33,806	1,161	1,617
Cash and investment fund balance - beginning	19,279	(4,139)	190,843	(318)	10,266
Cash and investments - June 30	<u>\$ 13,381</u>	<u>\$ -</u>	<u>\$ 224,649</u>	<u>\$ 843</u>	<u>\$ 11,883</u>
Net assets:					
Cash and investments	<u>\$ 13,381</u>	<u>\$ -</u>	<u>\$ 224,649</u>	<u>\$ 843</u>	<u>\$ 11,883</u>
Total net assets - cash and investment basis held in trust	<u>\$ 13,381</u>	<u>\$ -</u>	<u>\$ 224,649</u>	<u>\$ 843</u>	<u>\$ 11,883</u>

WARSAW 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  
 (Continued)

	General In/Out	Insurance Reserve	Driver's Education	Totals
Additions:				
Contributions:				
Other	\$ 145,249	\$ -	\$ 59,832	\$ 435,262
Deductions:				
Administrative and general	<u>123,518</u>	<u>-</u>	<u>94,797</u>	<u>413,671</u>
Excess (deficiency) of total additions over total deductions	21,731	-	(34,965)	21,591
Cash and investment fund balance - beginning	<u>121,256</u>	<u>1,108,082</u>	<u>66,888</u>	<u>1,512,157</u>
Cash and investments - June 30	<u>\$ 142,987</u>	<u>\$ 1,108,082</u>	<u>\$ 31,923</u>	<u>\$ 1,533,748</u>
Net assets:				
Cash and investments	<u>\$ 142,987</u>	<u>\$ 1,108,082</u>	<u>\$ 31,923</u>	<u>\$ 1,533,748</u>
Total net assets - cash and investment basis held in trust	<u>\$ 142,987</u>	<u>\$ 1,108,082</u>	<u>\$ 31,923</u>	<u>\$ 1,533,748</u>

WARSAW 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	\$ 523,000
Buildings	74,670,644
Improvements other than buildings	2,774,758
Machinery and equipment	<u>9,305,737</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 87,274,139</u>

WARSAW 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:		
High School Improvements	\$ 5,092,825	\$ 2,501,063
Multi School Improvements	34,115,000	1,505,000
2008 Multi School Building Improvements	15,390,000	807,231
Copiers	44,411	16,140
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>4,600,000</u>	<u>270,482</u>
Total governmental activities debt	<u>\$ 59,242,236</u>	<u>\$ 5,099,916</u>

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

EXPENDITURES BY HOLDING CORPORATION

The Warsaw Multi-School Building Corporation refunded the 2003 revenue bond issue on June 1, 2007, and acquired an additional \$4,660,000 in principal, increasing the total amount of principal to \$34,660,000. Proceeds from the additional debt are being used for new construction projects and capital improvements not related to the original bond issue. No documentation was presented for audit to indicate that the additional debt and construction costs were approved by the Department of Local Government Finance.

Property and equipment provided by holding corporations to a governmental unit should only be in accordance with the original project as presented to the public and approved by the Department of Local Government Finance or by subsequent written approval of the Department of Local Government Finance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BOARD APPROVAL OF COMPENSATION AND BENEFITS

The following instances of School Corporation employees receiving pay without proper School Board approval were noted:

- (1) various support staff, including the School Corporation Treasurer and Executive Office Manager, were not included in the salary schedule approved by the School Board;
- (2) a total of \$38,412 in stipends were paid to administrators during 2007 without contract amendments;
- (3) bonuses totaling \$6,296 were paid to various business office and human resources staff for "successful efforts in budget preparation, disbursements services, procurement services, benefits and compensation services as well as employment and employee customer service for the 2007 school year";
- (4) increases in pay were given to the Director of Business Operations and Executive Office Manager due to classification changes;
- (5) additional summer hours were paid to the Director of ESL (English as a Second Language).

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

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

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

ORDINANCES AND RESOLUTIONS

A School Corporation employee was paid for accumulated compensatory time in excess of the maximum amount allowed in the personnel handbook. The personnel handbook states that no more than 30 hours of compensatory time may be accumulated. Two checks paid to the employee totaling \$4,160 were issued during 2007 for 161.25 hours of compensatory time accumulated from September of 2005 through August of 2006.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WITHHOLDING OF DELINQUENT PROPERTY TAXES

The School Corporation is not deducting from wages of their employees delinquent property taxes that have been certified by the County Treasurer.

IC 6-1.1-22-15 states:

"If the county treasurer finds that a person whose name is certified to him under section 14 of this chapter is delinquent in the payment of his taxes, he shall certify the name of that person and the amount of delinquency to the official of the political subdivision or other governmental entity who is to make payment to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer."

CREDIT CARD ITEMIZATION

Documentation, such as paid bills and receipts, were not available to support all charges made on the school corporation's credit card. Five of the ten charges on the credit card statement approved by the School Board on March 18, 2008, did not contain any supporting documentation.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCHOOL LUNCH DEPOSITS

School lunch receipts were not always deposited by the next business day. In some instances, receipts at Harrison Elementary were held for periods in excess of two weeks before depositing. In addition, numerous original Manager's Deposit Breakdown reports could not be verified to actual bank deposits. Further examination disclosed that these discrepancies may have been the result of cash being withheld from deposits until a later deposit date or personal checks being substituted for cash received.

Upon investigation by the School Corporation, the lunch cashier at Harrison Elementary admitted to taking cash from lunch collections for personal use and depositing the cash at later dates. She resigned effective May 25, 2007.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . . Public funds deposited . . . shall be deposited in the same form in which they were received."

CONDITION OF RECORDS (Applies to the High School)

The detailed Funds Activity Report accumulates year to date detailed fund receipts, disbursements and balances. The Fund Report shows beginning balance, total receipts, total disbursements and ending balance. These two reports did not agree for the 2006-07 school year.

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TICKET SALES FORM SA-4 DISCREPANCIES (Applies to the High School)

Ticket sale reports (SA-4) presented for audit did not always agree with amounts posted to the ledger. Ticket sale reports for the performing arts center were both long and short of the amounts posted to the extra-curricular ledger receipts. Ticket sale reports for athletic events documented several collections that exceeded amounts posted to the ledger. This was usually a result of cash given to event workers who assisted with games. There was no documentation to support the cash payments. Several athletic department ticket sale reports and all performing arts center ticket sale reports were not signed by the responsible officials.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 pre-numbered, 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 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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)

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

PUBLIC RECORDS RETENTION (Applies to the High School)

Information was not presented for audit to allow textbook rental receipts for the high school to be verified to deposits. Textbook rental receipts and daily fees summary reports for the 2007-2008 school year were not always printed throughout the year and the corresponding computer backup history could not be retrieved.

Ticket sale reports for the performing arts center were not printed until the time of audit. Not all ticket sale reports were available for printing because some were deleted from the system.

Ticket stubs for athletic events were not retained and were therefore unavailable for audit.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS (Applies to the High School)

We noted during the audit of the extra-curricular records, that a student participating in the Co-Op work program was at times responsible for writing receipts for funds remitted to the Treasurer. The student on one occasion, issued a ticket sales proceeds receipt for a \$9,303 donation.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The extra-curricular treasurer is required to keep an accurate account of all money received and expended, showing the source of each receipt, the purpose of each disbursement and the overall balance on hand, which is the control account for all of the activity funds (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

WARSAW COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

ECA DEPOSITS (Applies to the High School)

Parking tag receipts were not always deposited within a reasonable time. Parking tag receipts, in some instances, were held for periods in excess of four months before being remitted to the treasurer for depositing.

Collections for some high school events were not deposited until 12 days after the event.

IC 20-41-1-9(a) states in part: ". . . receipts shall be deposited without unreasonable delay."

ATHLETIC CASH CHANGE FUND (Applies to the High School)

The amount of Athletic Department cash change on hand varied throughout the audit period. The officials are unsure of the proper amount of the change fund.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

REGISTER OF INVESTMENTS (Applies to the High School)

The Register of Investments, Form 350, was not in use.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of the Warsaw 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.

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

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

STATE BOARD OF ACCOUNTS

May 7, 2009

WARSAW 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		\$ 226,758	\$ 235,433
National School Lunch Program	10.555		<u>1,027,334</u>	<u>1,078,830</u>
 Total for federal grantor agency			 <u>1,254,092</u>	 <u>1,314,263</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14204-039-DY01	177	-
		14205-045-DY01	71,351	-
		14206-045-PN01	407,628	-
		14206-045-PY02	43,073	34,920
		14206-062-DY01	347	87,343
		14207-044-DY01	-	12,037
		14207-045-PN01	2,631,173	173,322
		14207-045-PY02	-	60,589
		14208-045-PN01	<u>-</u>	<u>2,714,551</u>
 Total for program			 <u>3,153,749</u>	 <u>3,082,762</u>
Special Education - Preschool Grants	84.173			
		45705-045-PN01	4,434	-
		45705-045-PY02	33	-
		45706-045-PN01	10,811	-
		45706-045-PY02	1,890	-
		45707-045-PN01	72,306	4,251
		45707-045-PY02	-	3,092
		45708-045-PN01	<u>-</u>	<u>75,767</u>
 Total for program			 <u>89,474</u>	 <u>83,110</u>
 Total for cluster			 <u>3,243,223</u>	 <u>3,165,872</u>
Adult Education - Basic Grants to States	84.002			
		FY06-8038	7,938	-
		FY07-8038	71,143	10,910
		FY08-8038	<u>-</u>	<u>65,584</u>
 Total for program			 <u>79,081</u>	 <u>76,494</u>
Title I Grants to Local Educational Agencies	84.010			
		06-4415	68,401	-
		07-4415	620,598	81,846
		08-4415	-	769,044
		FY2006	12,807	2,193
		FY2007	<u>25,000</u>	<u>25,000</u>
 Total for program			 <u>726,806</u>	 <u>878,083</u>
Migrant Education - State Grant Program	84.011			
		FY05-06/RM24	40	-
		FY06-07/RM12	118,291	1,709
		FY07-08/RM21	-	180,000
		FY08-09/SM-I	<u>-</u>	<u>18,153</u>
 Total for program			 <u>118,331</u>	 <u>199,862</u>

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

WARSAW COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008  
(Continued)

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 EDUCATION (continued)</u>				
Vocational Education - Basic Grants to States	84.048			
		07-4700-4415	122,981	7,882
		07-1303-4415	2,500	-
		08-1303-4415	-	450
		08-4700-4415	-	130,845
		SPL-BIO-6-130	4,084	16,929
		C1-8-CPS-7-130	-	24,699
Total for program			<u>129,565</u>	<u>180,805</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		04-194	17,800	-
		05-286	7,200	21,108
		06-4415	-	5,680
Total for program			<u>25,000</u>	<u>26,788</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	CPS-6-130	-	32,347
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		04-199	640	-
		05-198	14,804	680
		06-4415	2,743	8,039
		07-4415	-	2,965
Total for program			<u>18,187</u>	<u>11,684</u>
Education Technology State Grants	84.318			
		S318X040014	12,964	-
		S318X050014	3,035	10,061
		S318X060014	-	128,507
Total for program			<u>15,999</u>	<u>138,568</u>
English Language Acquisition Grants	84.365			
		FY2005-06	40,899	-
		FY2006-07	153,154	133,897
		FY2007-08	-	137,080
Total for program			<u>194,053</u>	<u>270,977</u>
Improving Teacher Quality State Grants	84.367			
		04-226	66,317	-
		05-250	158,330	48,329
		06-4415	-	203,321
Total for program			<u>224,647</u>	<u>251,650</u>
Total for federal grantor agency			<u>4,774,892</u>	<u>5,233,130</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education Learn and Serve America - School and Community Based Programs	94.004			
			10,185	-
Total for federal grantor agency			<u>10,185</u>	<u>-</u>
Total federal awards expended			<u>\$ 6,039,169</u>	<u>\$ 6,547,393</u>

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

WARSAW 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 Warsaw 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. Subrecipients

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

Program Title	Federal CFDA Number	For The Year Ended June 30, 2007	For The Year Ended June 30, 2008
Special Education Cluster	84.027	\$ 1,903,720	\$ 1,709,590
Vocational Education - Basic Grants to States	84.048	13,335	25,819

III. Noncash Assistance

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

Program Title	Federal CFDA Number	For The Year Ended June 30, 2007	For The Year Ended June 30, 2008
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 29,466	\$ 27,131
National School Lunch Program	10.555	132,053	127,349
Total for Cluster		<u>\$ 161,519</u>	<u>\$ 154,480</u>

WARSAW 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
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.365	Special Education Cluster English Language Acquisition Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$377,597

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WARSAW COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WARSAW COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2009, with Erica M. Purvis, Treasurer; Kent J. Adams, School Board member; and Kevin E. Scott, Chief Financial Officer. The official response has been made a part of this report and may be found on page 68.

## WARSAW COMMUNITY SCHOOLS

### Official's Response Audit period July 1, 2006 to June 30, 2008

The exit conference for WCS was held May 7<sup>th</sup>, 2009 to discuss comment items for the audit period of July 1, 2006 to June 30, 2008. Attendees included representatives from the school business office, the School Board of Trustees, and the State Board of Accounts (SBoA).

In terms of the comment items, seven related to high school extra-curricular accounting, four others related to district level activities, and one was a food service issue at an elementary building. Corrective actions have already been implemented for the majority of these items. The remaining items are under discussion and will ultimately result in modified procedures.

We do take exception to one comment by the SBoA. The report comment, titled Expenditures by Holding Corporation, refers to the refunding (refinancing) of the 2003 bond issue that was done for the high school addition and main campus athletic facilities. The SBoA states that the DLGF was not notified of the refunding and also made comment on use of the funds generated. The 2003 financing approved by the DLGF included language that allowed the refunding to occur provided WCS stayed within a certain annual payment threshold and maturity guideline. Our financial and legal consultants, H.J. Umbaugh & Associates and Ice Miller, LLP respectively, guided this process to ensure WCS complied with all facets of the original order. In addition, Ice Miller provided guidance on appropriate use of 2007 Construction Account monies. Funds generated allowed WCS to accelerate progress on the current elementary school construction project that was also approved by the DLGF. As a result, we are in respectful disagreement with this particular comment in the official audit report.

On a positive note, there was no audit finding related to federal awards that a pass-through entity provided. Such federal funding includes Special Needs and Title programs. This is the second consecutive audit that this was the case.

The State Board of Accounts audit provides an opportunity for Warsaw Community Schools to review current practices and procedures and make improvements based on recommendations from the State Board of Accounts. We once again have benefited from this process. WCS concurs with the findings of the audit with the one exception described above, and we are generally satisfied that improvements have been made as a result of this audit. We will remain vigilant in looking for opportunities to better our procedures and daily activities.

  
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Kevin Scott, Chief Financial Officer

5-12-09  
Date