

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

AUDIT REPORT

OF

WA-NEE COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

12/30/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger B. Zentz	07-01-08 to 06-30-11
Superintendent of Schools	Joseph M. Sabo	07-01-08 to 06-30-11
President of the School Board	Eric Brown	07-01-08 to 06-30-11



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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wa-Nee Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, 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 November 10, 2010, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The Schedule of Funding Progress 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, Schedule of Contributions From the Employer and Other Contributing Entities, 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

November 10, 2010



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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wa-Nee Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

November 10, 2010

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 11,729,867	\$ -	\$ 210,156	\$ (11,519,711)
Support services	7,892,451	920,836	635,781	(6,335,834)
Noninstructional services	1,625,200	-	-	(1,625,200)
Facilities acquisition and construction	1,302,208	-	-	(1,302,208)
Debt service	11,982,476	-	-	(11,982,476)
Nonprogrammed charges	830,347	-	-	(830,347)
Total governmental activities	<u>\$ 35,362,549</u>	<u>\$ 920,836</u>	<u>\$ 845,937</u>	<u>(33,595,776)</u>
General receipts:				
Property taxes				16,810,490
Other local sources				2,518,493
State aid				13,061,991
Bonds and loans				812,842
Grants and contributions not restricted to specific programs				3,261,260
Investment earnings				25,063
Other				<u>27,182</u>
Total general receipts				<u>36,517,321</u>
Change in net assets				2,921,545
Net assets - beginning				<u>5,507,807</u>
Net assets - ending				<u>\$ 8,429,352</u>
<u>Assets</u>				
Cash and investments				\$ 6,351,031
Restricted assets:				
Cash and investments				<u>2,078,321</u>
Total assets				<u>\$ 8,429,352</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 569,618
Other purposes				1,508,703
Unrestricted				<u>6,351,031</u>
Total net assets				<u>\$ 8,429,352</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 13,782,538	\$ -	\$ 116,991	\$ (13,665,547)
Support services	8,235,900	838,640	747,489	(6,649,771)
Noninstructional services	1,521,761	-	-	(1,521,761)
Facilities acquisition and construction	2,450,227	-	-	(2,450,227)
Debt service	7,339,472	-	-	(7,339,472)
Nonprogrammed charges	1,820,319	-	-	(1,820,319)
Total governmental activities	\$ 35,150,217	\$ 838,640	\$ 864,480	(33,447,097)
General receipts:				
Property taxes				16,269,738
Other local sources				1,706,932
State aid				17,361,149
Bonds and loans				1,044,206
Grants and contributions not restricted to specific programs				2,900,978
Sale of property				4,397
Investment earnings				11,680
Other				50,427
Total general receipts				39,349,507
Change in net assets				5,902,410
Net assets - beginning				8,429,352
Net assets - ending				<u>\$ 14,331,762</u>
<u>Assets</u>				
Cash and investments				\$ 9,427,297
Restricted assets:				
Cash and investments				<u>4,904,465</u>
Total assets				<u>\$ 14,331,762</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,741,206
Other purposes				1,163,259
Unrestricted				<u>9,427,297</u>
Total net assets				<u>\$ 14,331,762</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Transportation Operating	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 7,158,985	\$ 1,693,456	\$ -	\$ 6,931,391	\$ 2,995,170	\$ 1,483,322	\$ 20,262,324
Intermediate sources	441	-	-	-	-	1,613	2,054
State sources	13,177,985	-	-	-	-	378,038	13,556,023
Federal sources	-	-	1,523,751	-	-	2,089,414	3,613,165
Temporary loans	-	605,924	-	-	-	206,918	812,842
Other	13,737	11,057	-	-	1,672	716	27,182
Total receipts	20,351,148	2,310,437	1,523,751	6,931,391	2,996,842	4,160,021	38,273,590
Disbursements:							
Current:							
Instruction	10,420,143	-	-	-	-	1,309,724	11,729,867
Support services	4,452,288	1,534,874	-	-	1,315,675	589,614	7,892,451
Noninstructional services	417,650	-	-	-	-	1,207,550	1,625,200
Facilities acquisition and construction	2,000	-	-	-	1,300,208	-	1,302,208
Debt services	3,972,150	669,553	-	6,817,374	-	523,399	11,982,476
Nonprogrammed charges	1,181,137	-	-	-	-	105,020	1,286,157
Total disbursements	20,445,368	2,204,427	-	6,817,374	2,615,883	3,735,307	35,818,359
Excess (deficiency) of receipts over disbursements	(94,220)	106,010	1,523,751	114,017	380,959	424,714	2,455,231
Other financing sources (uses):							
Transfers in	-	-	-	-	-	69,544	69,544
Transfers out	-	-	-	-	-	(69,544)	(69,544)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(94,220)	106,010	1,523,751	114,017	380,959	424,714	2,455,231
Cash and investments - beginning	928,373	120,529	-	433,490	2,833,336	149,690	4,465,418
Cash and investments - ending	\$ 834,153	\$ 226,539	\$ 1,523,751	\$ 547,507	\$ 3,214,295	\$ 574,404	6,920,649
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 receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							1,508,703
Net assets of governmental activities							\$ 8,429,352
Cash and Investment Assets - Ending							
Cash and investments	\$ 834,153	\$ 226,539	\$ 1,523,751	\$ -	\$ 3,214,295	\$ 552,293	\$ 6,351,031
Restricted assets:							
Cash and investments	-	-	-	547,507	-	22,111	569,618
Total cash and investment assets - ending	\$ 834,153	\$ 226,539	\$ 1,523,751	\$ 547,507	\$ 3,214,295	\$ 574,404	\$ 6,920,649
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 547,507	\$ -	\$ 22,111	\$ 569,618
Unrestricted	834,153	226,539	1,523,751	-	3,214,295	552,293	6,351,031
Total cash and investment fund balance - ending	\$ 834,153	\$ 226,539	\$ 1,523,751	\$ 547,507	\$ 3,214,295	\$ 574,404	\$ 6,920,649

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Transportation Operating	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 618,250	\$ 2,683,168	\$ -	\$ 8,914,609	\$ 4,649,846	\$ 1,959,586	\$ 18,825,459
Intermediate sources	251	-	-	-	-	1,148	1,399
State sources	17,421,852	-	-	-	-	308,760	17,730,612
Federal sources	118,472	-	646,879	-	-	2,630,645	3,395,996
Temporary loans	-	644,496	-	-	-	399,710	1,044,206
Other	36,652	12,715	-	556	-	504	50,427
Total receipts	18,195,477	3,340,379	646,879	8,915,165	4,649,846	5,300,353	41,048,099
Disbursements:							
Current:							
Instruction	9,687,312	-	2,170,630	-	-	1,924,596	13,782,538
Support services	4,671,125	1,551,754	-	-	1,201,516	811,505	8,235,900
Noninstructional services	332,301	-	-	-	-	1,189,460	1,521,761
Facilities acquisition and construction	-	-	-	-	2,439,600	10,627	2,450,227
Debt services	-	653,128	-	5,859,393	-	826,951	7,339,472
Nonprogrammed charges	1,345,948	-	-	-	-	128,796	1,474,744
Total disbursements	16,036,686	2,204,882	2,170,630	5,859,393	3,641,116	4,891,935	34,804,642
Excess (deficiency) of receipts over disbursements	2,158,791	1,135,497	(1,523,751)	3,055,772	1,008,730	408,418	6,243,457
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	4,397	4,397
Transfers in	7,372	-	-	-	-	74,300	81,672
Transfers out	-	-	-	-	-	(81,672)	(81,672)
Total other financing sources (uses)	7,372	-	-	-	-	(2,975)	4,397
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,166,163	1,135,497	(1,523,751)	3,055,772	1,008,730	405,443	6,247,854
Cash and investments - beginning	834,153	226,539	1,523,751	547,507	3,214,295	574,404	6,920,649
Cash and investments - ending	\$ 3,000,316	\$ 1,362,036	\$ -	\$ 3,603,279	\$ 4,223,025	\$ 979,847	13,168,503
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 receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							1,163,259
Net assets of governmental activities							\$ 14,331,762
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,000,316	\$ 1,362,036	\$ -	\$ -	\$ 4,223,025	\$ 841,920	\$ 9,427,297
Restricted assets:							
Cash and investments	-	-	-	3,603,279	-	137,927	3,741,206
Total cash and investment assets - ending	\$ 3,000,316	\$ 1,362,036	\$ -	\$ 3,603,279	\$ 4,223,025	\$ 979,847	\$ 13,168,503
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 3,603,279	\$ -	\$ 137,927	\$ 3,741,206
Unrestricted	3,000,316	1,362,036	-	-	4,223,025	841,920	9,427,297
Total cash and investment fund balance - ending	\$ 3,000,316	\$ 1,362,036	\$ -	\$ 3,603,279	\$ 4,223,025	\$ 979,847	\$ 13,168,503

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 3,083,246
Miscellaneous	<u>10,504</u>
Total operating receipts	<u>3,093,750</u>
Operating disbursements:	
Insurance claims and expense	<u>2,627,436</u>
Excess of operating receipts over operating disbursements	466,314
Cash and investment fund balance - beginning	<u>1,042,389</u>
Cash and investment fund balance - ending	<u>\$ 1,508,703</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,508,703</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,508,703</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,327,315
Miscellaneous	<u>131</u>
Total operating receipts	<u>2,327,446</u>
Operating disbursements:	
Insurance claims and expense	<u>2,672,890</u>
Deficiency of operating receipts over operating disbursements	(345,444)
Cash and investment fund balance - beginning	<u>1,508,703</u>
Cash and investment fund balance - ending	<u>\$ 1,163,259</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,163,259</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,163,259</u>

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
Additions:			
Investment earnings:			
Interest	\$ 157	\$ 58	
Deductions:			
Benefits	36,071	-	
Administrative and general	-	1,278	
Total deductions	36,071	1,278	
Deficiency of total additions over total deductions	(35,914)	(1,220)	
Cash and investment fund balance - beginning	101,036	11,685	
Cash and investment fund balance - ending	\$ 65,122	\$ 10,465	\$ 45,966
Net assets:			
Cash and investments	\$ 65,122	\$ 10,465	
Total net assets - cash and investment basis held in trust	\$ 65,122	\$ 10,465	

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

WA-NEE COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
Additions:			
Contributions:			
Other	<u>\$ 70,000</u>	<u>\$ 75,000</u>	
Investment earnings:			
Interest	<u>23</u>	<u>10</u>	
Total additions	<u>70,023</u>	<u>75,010</u>	
Deductions:			
Benefits	<u>36,071</u>	<u>-</u>	
Excess of total additions over total deductions	33,952	75,010	
Cash and investment fund balance - beginning	<u>65,122</u>	<u>10,465</u>	
Cash and investment fund balance - ending	<u>\$ 99,074</u>	<u>\$ 85,475</u>	<u>\$ 26,060</u>
Net assets:			
Cash and investments	<u>\$ 99,074</u>	<u>\$ 85,475</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 99,074</u>	<u>\$ 85,475</u>	

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Wa-Nee Community Schools

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

Joint Venture

The School Corporation is a participant with Baugo Community Schools, Concord Community Schools, Fairfield Community Schools, Goshen Community Schools, and Middlebury Community Schools in a joint venture to operate Elkhart County Special Education Cooperative (ECSEC) which was created to provide services to handicapped students of the 6 school corporations in the most efficient manner possible. The ECSEC's continued existence depends on continued funding by the School Corporation. Complete financial statements for the ECSEC can be obtained from the administrative offices of Goshen Community Schools at 613 East Purl Street, Goshen, Indiana 46526-4044. During the 2009-2010 school year, the School Corporation's share of ECSEC's program expenditures was \$243,419.

The School Corporation is a participant with approximately 40 other schools in a joint venture to operate Northern Indiana Educational Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services, which they collectively implement. The School Corporation is obligated by contract to remit \$14,390 annually to supplement the NIESC. Complete financial statements for the NIESC can be obtained from the administrative offices of NIESC at 56535 Magnetic Drive, Mishawaka, Indiana 46545.

The School Corporation is a participant with 10 other school corporations in Elkhart and St. Joseph Counties in a joint venture to operate a Head Start Consortium (Consortium) which was created to develop, operate, and supervise a Head Start program to service the pre-school student populations of the participating school corporations. The Consortium's continued existence depends on continued funding through a federal grant program. Participating school corporations are required to provide "in-kind services" (transportation and classroom, gymnasium, and playground space) to meet the grant requirements. No fees are assessed the school corporations for the operation of the program. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. Complete financial statements for the Consortium can be obtained from the administrative offices of the South Bend Community School Corporation at 215 South St. Joseph Street, South Bend, Indiana 46601.

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

Related Organizations

The School Corporation's officials are also responsible for appointing three voting members of the board of the Nappanee Public Library, but the School Corporation's accountability for this organization does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. At this time, the School Corporation has not established any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any 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 Fiscal Stabilization Education Fund accounts for American Recovery and Reinvestment Act of 2009 (ARRA) grant funds received to support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services in states and local educational agencies.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

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

Additionally, the School Corporation reports the following fund types:

The Internal Service Fund accounts for group health insurance benefits provided to School Corporation employees, retirees, and dependents.

The Pension Trust Funds accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The Private-Purpose Trust Funds reports a trust arrangement under which principal and income fund child care expenses and for the benefit of individuals.

The Agency Fund accounts for assets held by the School Corporation as an agent for employee payroll withholdings and serves as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions, and 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 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 in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations except appropriations for the Capital Projects Fund, lapse at calendar year end. Appropriations for Capital Projects Funds are on a project basis.

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

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

B. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	FY 2008-2009	FY 2009-2010
School Bus Replacement	\$ 67,165	\$ -
P.L. 101-476 Grant FY 07-08	57,658	-
Textbook Rental	-	49,382
P.L. 108-446 Special Education	-	114,157

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

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 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

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

political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$15,803,260.

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>FY 2008-2009</u>	<u>FY 2009-2010</u>
Other Governmental Funds	Other Governmental Funds	\$ 69,544	\$ -
Other Governmental Funds	General Fund	-	7,372
Other Governmental Funds	Other Governmental Funds	-	74,300
Totals		<u>\$ 69,544</u>	<u>\$ 81,672</u>

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

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2009, and June 30, 2010, was as follows:

<u>Fund</u>	<u>General</u>	<u>Transportation Operating</u>	<u>Debt Service</u>	<u>School Bus Replacement</u>	<u>Retirement/ Severance Bond Debt Service</u>
Payable, July 1, 2008	\$ 3,972,150	\$ 669,553	\$ 1,004,149	\$ 193,348	\$ 149,632
Warrants Issued	-	605,924	-	206,918	-
Warrants Repaid	<u>3,972,150</u>	<u>669,553</u>	<u>1,004,149</u>	<u>216,188</u>	<u>149,632</u>
Payable, June 30, 2009	-	<u>605,924</u>	-	<u>184,078</u>	-
Warrants Issued	-	644,496	-	229,174	170,536
Warrants Repaid	<u>-</u>	<u>653,128</u>	<u>-</u>	<u>298,665</u>	<u>48,360</u>
Payable, June 30, 2010	<u>\$ -</u>	<u>\$ 597,292</u>	<u>\$ -</u>	<u>\$ 114,587</u>	<u>\$ 122,176</u>

WA-NEE 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 employee; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from risks covered by commercial insurance 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 Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of \$100,000 per year. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as is relates to total payroll, and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into a capital lease with Wa-Nee Community Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2009 and 2010, totaled \$762,000, and \$762,000 respectively.

The School Corporation has entered into a capital lease with Wa-Nee Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years June 30, 2009 and 2010, totaled \$1,379,000, and \$1,378,500 respectively.

The School Corporation has entered into a capital lease with Wa-Nee Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years June 30, 2009 and 2010, totaled \$1,816,500, and \$1,815,500 respectively.

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

C. Subsequent Events

The School Corporation has approved a preliminary resolution in response to approval from the Indiana Department of Education of its School Corporation's Qualified School Construction Bond application. The resolution states the School Corporation proposes to issue bonds in an amount not to exceed \$1,950,000 for the purpose of providing funds to pay the cost of renovations of and improvements to Woodview Elementary School, Wakarusa Elementary School, and Northwood High School.

D. Termination Benefits

The School Corporation offered a defined contribution postemployment health benefits plan to seven certified employees who retired at the conclusion of the 2007-2008 school year as part of the negotiated contract process. Each teacher will receive a \$5,000 annual payment for four years, for a total of \$20,000 each. The money can be used for various healthcare benefits per the provisions of the plan. The effective date of the plan was January 1, 2008. The first \$5,000 payments to the seven retired certified employees were made on August 28, 2008. The total cost of the plan is \$140,000 and all obligations will be satisfied by 2011.

E. Other Postemployment Benefits

Early Retirement Incentive Benefits

1. Single-Employer Defined Benefit Healthcare Plan

Plan Description

Wa-Nee Community Schools Health Care Plan is a single-employer defined benefit healthcare plan administered by Group Administrator. The plan provides medical insurance to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Wa-Nee Community Schools Health Care Plan are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the years ended June 30, 2009 and 2010, retired plan members receiving benefits contributed \$190,116 and \$175,574, respectively or 100% of the total premiums, through their required contributions of \$414 and 434 per month for retiree-only coverage and \$828 and \$868 for retiree and spouse coverage, respectively. For the same years the total amount paid by the plan for retirees were available for disclosure.

2. Annual Bridge Payment – Deferred Compensation 457(b)

Plan Description

The School Corporation provides an "Annual Bridge Payment" to teachers leaving the School Corporation with 20 or more years of service in the Wa-Nee Community School Corporation and retiring at or after age 55, but before he/she is eligible for normal nonreduced old age insurance (Social Security) benefits under Title II of the Social Security Act. The maximum

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

benefit to a single retiree is equal to the total Social Security Bridge of \$72,460. The Annual Bridge Payment is paid in equal installments and range between \$6,038 and \$7,246, depending on the year of birth of the eligible employee. Currently, 34 qualified retirees are receiving benefits.

Funding Policy

The School Corporation established the Wa-Nee Community Schools Corporation Section 457(b) Eligible Deferred Compensation Trust, hereinafter referred to as the 457(b) Trust, with an independent trustee, for the purpose of providing retiree benefits for eligible retired employees. The 457(b) Trust was established December 9, 2002, and is authorized under Section 457(b) of the Internal Revenue Code of 1986.

Annual Bridge Payment installments are paid from the Retirement/Severance Bond Debt Service Fund and 457(b) Trust. For each of the years ended June 30, 2009 and 2010, the Retirement/Severance Bond Debt Service Fund paid \$36,071. For the two year period year ended June 30, 2010, \$187,573 and \$186,914, respectively were paid from the 457 (b) Trust Fund.

F. 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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation for the years ended June 30, 2009 and 2010, were \$193,019 and \$197,929, respectively.

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana. The School Corporation's contributions to the plan during the two-year period ended June 30, 2010, were \$548,565.

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

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 2,246,911	\$ 2,714,785	\$ (467,874)	83%	\$ 2,483,283	(19%)
07-01-08	2,257,117	2,620,963	(363,846)	86%	2,398,187	(15%)
07-01-09	1,896,656	2,622,742	(726,086)	72%	2,515,495	(29%)

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education Plate	Alternative Education
Receipts:						
Local sources	\$ 22,537	\$ -	\$ 671,161	\$ 146,176	\$ -	\$ -
Intermediate sources	-	-	-	-	1,613	-
State sources	132,558	24,639	22,261	90,528	-	9,016
Federal sources	-	-	522,992	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	716	-	-	-
Total receipts	155,095	24,639	1,217,130	236,704	1,613	9,016
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	2,777	-	512	138,481	-	-
Noninstructional services	-	-	1,198,042	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	103,020	-	-	-	2,000	-
Total disbursements	105,797	-	1,198,554	138,481	2,000	-
Excess (deficiency) of receipts over disbursements	49,298	24,639	18,576	98,223	(387)	9,016
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,298	24,639	18,576	98,223	(387)	9,016
Cash and investments - beginning	15,624	-	30,340	36,404	5,081	8,406
Cash and investments - ending	<u>\$ 64,922</u>	<u>\$ 24,639</u>	<u>\$ 48,916</u>	<u>\$ 134,627</u>	<u>\$ 4,694</u>	<u>\$ 17,422</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 64,922	\$ 24,639	\$ 48,916	\$ 134,627	\$ 4,694	\$ 17,422
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 64,922</u>	<u>\$ 24,639</u>	<u>\$ 48,916</u>	<u>\$ 134,627</u>	<u>\$ 4,694</u>	<u>\$ 17,422</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>64,922</u>	<u>24,639</u>	<u>48,916</u>	<u>134,627</u>	<u>4,694</u>	<u>17,422</u>
Total cash and investment fund balance - ending	<u>\$ 64,922</u>	<u>\$ 24,639</u>	<u>\$ 48,916</u>	<u>\$ 134,627</u>	<u>\$ 4,694</u>	<u>\$ 17,422</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Safe School Haven	Gifted and Talented FY 07-08	Non-English Speaking Program	Connect 2000 Grant/ Technology	Title I Section 1003(g) FY 08-09	Title I FY 07-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 18,367	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	3,874	39,847	55,315	-	-	-
Federal sources	-	-	-	-	90,245	65,000
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	3,874	39,847	55,315	18,367	90,245	65,000
Disbursements:						
Current:						
Instruction	-	38,043	41,679	-	58,250	15,700
Support services	-	-	-	4,932	-	2,409
Noninstructional services	3,490	-	-	-	-	1,938
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,490	38,043	41,679	4,932	58,250	20,047
Excess (deficiency) of receipts over disbursements	384	1,804	13,636	13,435	31,995	44,953
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(59,544)
Total other financing sources (uses)	-	-	-	-	-	(59,544)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	384	1,804	13,636	13,435	31,995	(14,591)
Cash and investments - beginning	(384)	13,857	2,769	35,034	-	14,591
Cash and investments - ending	\$ -	\$ 15,661	\$ 16,405	\$ 48,469	\$ 31,995	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 15,661	\$ 16,405	\$ 48,469	\$ 31,995	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 15,661	\$ 16,405	\$ 48,469	\$ 31,995	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	15,661	16,405	48,469	31,995	-
Total cash and investment fund balance - ending	\$ -	\$ 15,661	\$ 16,405	\$ 48,469	\$ 31,995	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Title I FY 08-09	Title V FY 07-08	P.L. 101-476 FY 07-08	Safe and Drug Free Communities	Safe and Drug Free Communities FY 07-08	Perkins Grant FY 08-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	509,484	1,999	593,875	25,940	-	8,040
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	509,484	1,999	593,875	25,944	-	8,040
Disbursements:						
Current:						
Instruction	447,213	467	546,046	740	4,849	-
Support services	23,166	5,548	-	6,703	1,100	8,620
Noninstructional services	4,080	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	474,459	6,015	546,046	7,443	5,949	8,620
Excess (deficiency) of receipts over disbursements	35,025	(4,016)	47,829	18,501	(5,949)	(580)
Other financing sources (uses):						
Transfers in	59,544	10,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	59,544	10,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	94,569	5,984	47,829	18,501	(5,949)	(580)
Cash and investments - beginning	-	5,003	(105,487)	-	5,949	-
Cash and investments - ending	\$ 94,569	\$ 10,987	\$ (57,658)	\$ 18,501	\$ -	\$ (580)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 94,569	\$ 10,987	\$ (57,658)	\$ 18,501	\$ -	\$ (580)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 94,569	\$ 10,987	\$ (57,658)	\$ 18,501	\$ -	\$ (580)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	94,569	10,987	(57,658)	18,501	-	(580)
Total cash and investment fund balance - ending	\$ 94,569	\$ 10,987	\$ (57,658)	\$ 18,501	\$ -	\$ (580)

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Medicaid Reimbursement	Title II Improving Teacher Quality	Title II English As A New Language	Retirement/ Severance Bond Debt Service	Transportation Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 312,080	\$ 312,997	\$ 1,483,322
Intermediate sources	-	-	-	-	-	1,613
State sources	-	-	-	-	-	378,038
Federal sources	-	223,389	48,450	-	-	2,089,414
Temporary loans	-	-	-	-	206,918	206,918
Other	-	-	-	-	-	716
Total receipts	-	223,389	48,450	312,080	519,915	4,160,021
Disbursements:						
Current:						
Instruction	-	109,619	47,118	-	-	1,309,724
Support services	-	-	1,733	-	393,633	589,614
Noninstructional services	-	-	-	-	-	1,207,550
Debt services	-	-	-	307,211	216,188	523,399
Nonprogrammed charges	-	-	-	-	-	105,020
Total disbursements	-	109,619	48,851	307,211	609,821	3,735,307
Excess (deficiency) of receipts over disbursements	-	113,770	(401)	4,869	(89,906)	424,714
Other financing sources (uses):						
Transfers in	-	-	-	-	-	69,544
Transfers out	-	(10,000)	-	-	-	(69,544)
Total other financing sources (uses)	-	(10,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	103,770	(401)	4,869	(89,906)	424,714
Cash and investments - beginning	10,394	19,631	12,495	17,242	22,741	149,690
Cash and investments - ending	<u>\$ 10,394</u>	<u>\$ 123,401</u>	<u>\$ 12,094</u>	<u>\$ 22,111</u>	<u>\$ (67,165)</u>	<u>\$ 574,404</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10,394	\$ 123,401	\$ 12,094	\$ -	\$ (67,165)	\$ 552,293
Restricted assets:						
Cash and investments	-	-	-	22,111	-	22,111
Total cash and investment assets - ending	<u>\$ 10,394</u>	<u>\$ 123,401</u>	<u>\$ 12,094</u>	<u>\$ 22,111</u>	<u>\$ (67,165)</u>	<u>\$ 574,404</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 22,111	\$ -	\$ 22,111
Unrestricted	10,394	123,401	12,094	-	(67,165)	552,293
Total cash and investment fund balance - ending	<u>\$ 10,394</u>	<u>\$ 123,401</u>	<u>\$ 12,094</u>	<u>\$ 22,111</u>	<u>\$ (67,165)</u>	<u>\$ 574,404</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education Plate	Alternative Education	Early Intervention
Receipts:							
Local sources	\$ 7,371	\$ -	\$ 625,665	\$ 128,013	\$ 131	\$ -	\$ -
Intermediate sources	-	-	-	-	1,148	-	-
State sources	61,875	-	17,985	93,584	-	8,732	13,050
Federal sources	-	-	634,079	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	305	-	-	-	-
Total receipts	69,246	-	1,278,034	221,597	1,279	8,732	13,050
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	169	405,606	-	-	8,238
Noninstructional services	-	-	1,184,183	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	10,627	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	126,796	-	-	-	2,000	-	-
Total disbursements	126,796	-	1,184,352	405,606	2,000	10,627	8,238
Excess (deficiency) of receipts over disbursements	(57,550)	-	93,682	(184,009)	(721)	(1,895)	4,812
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(7,372)	-	-	-	-	-	-
Total other financing sources (uses)	(7,372)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(64,922)	-	93,682	(184,009)	(721)	(1,895)	4,812
Cash and investments - beginning	64,922	24,639	48,916	134,627	4,694	17,422	-
Cash and investments - ending	\$ -	\$ 24,639	\$ 142,598	\$ (49,382)	\$ 3,973	\$ 15,527	\$ 4,812
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 24,639	\$ 142,598	\$ (49,382)	\$ 3,973	\$ 15,527	\$ 4,812
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 24,639	\$ 142,598	\$ (49,382)	\$ 3,973	\$ 15,527	\$ 4,812
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	24,639	142,598	(49,382)	3,973	15,527	4,812
Total cash and investment fund balance - ending	\$ -	\$ 24,639	\$ 142,598	\$ (49,382)	\$ 3,973	\$ 15,527	\$ 4,812

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Gifted and Talented FY 07-08	Non-English Speaking Program	Connect 2000 Grant/ Technology	Excess PTRC Distribution	Title I Section 1003(g) FY 08-09	Title I FY 08-09	Title I FY 09-10
Receipts:							
Local sources	\$ -	\$ -	\$ 12,503	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	38,573	35,717	-	37,403	-	-	-
Federal sources	-	-	-	-	12,400	52,000	523,932
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	38,573	35,717	12,503	37,403	12,400	52,000	523,932
Disbursements:							
Current:							
Instruction	40,704	43,756	-	-	44,395	59,222	402,054
Support services	-	1,243	12,440	-	-	10,873	51,305
Noninstructional services	-	-	-	-	-	2,173	3,104
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	40,704	44,999	12,440	-	44,395	72,268	456,463
Excess (deficiency) of receipts over disbursements	(2,131)	(9,282)	63	37,403	(31,995)	(20,268)	67,469
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	74,300
Transfers out	-	-	-	-	-	(74,300)	-
Total other financing sources (uses)	-	-	-	-	-	(74,300)	74,300
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,131)	(9,282)	63	37,403	(31,995)	(94,568)	141,769
Cash and investments - beginning	15,661	16,405	48,469	-	31,995	94,569	-
Cash and investments - ending	\$ 13,530	\$ 7,123	\$ 48,532	\$ 37,403	\$ -	\$ 1	\$ 141,769
Cash and Investment Assets - Ending							
Cash and investments	\$ 13,530	\$ 7,123	\$ 48,532	\$ 37,403	\$ -	\$ 1	\$ 141,769
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 13,530	\$ 7,123	\$ 48,532	\$ 37,403	\$ -	\$ 1	\$ 141,769
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,530	7,123	48,532	37,403	-	1	141,769
Total cash and investment fund balance - ending	\$ 13,530	\$ 7,123	\$ 48,532	\$ 37,403	\$ -	\$ 1	\$ 141,769

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Title V FY 07-08	P.L. 101-476 FY 07-08	P.L. 108-446 Special Education	Safe and Drug Free Communities	Perkins Grant FY 08-09	Perkins Grant FY 09-10	Medicaid Reimbursement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	1,841
Federal sources	-	110,130	460,138	-	640	5,580	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	110,130	460,138	-	640	5,580	1,841
Disbursements:							
Current:							
Instruction	119	52,473	574,295	2,079	-	-	-
Support services	2,678	-	-	7,582	60	5,565	110
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,797	52,473	574,295	9,661	60	5,565	110
Excess (deficiency) of receipts over disbursements	(2,797)	57,657	(114,157)	(9,661)	580	15	1,731
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,797)	57,657	(114,157)	(9,661)	580	15	1,731
Cash and investments - beginning	10,987	(57,658)	-	18,501	(580)	-	10,394
Cash and investments - ending	\$ 8,190	\$ (1)	\$ (114,157)	\$ 8,840	\$ -	\$ 15	\$ 12,125
Cash and Investment Assets - Ending							
Cash and investments	\$ 8,190	\$ (1)	\$ (114,157)	\$ 8,840	\$ -	\$ 15	\$ 12,125
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 8,190	\$ (1)	\$ (114,157)	\$ 8,840	\$ -	\$ 15	\$ 12,125
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,190	(1)	(114,157)	8,840	-	15	12,125
Total cash and investment fund balance - ending	\$ 8,190	\$ (1)	\$ (114,157)	\$ 8,840	\$ -	\$ 15	\$ 12,125

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Title II Improving Teacher Quality	Title II English As A New Language	Grants to LEA	Special Education Part B	Retirement/ Severance Bond Debt Service	Transportation Bus Replacement	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ 69	\$ 100	\$ 473,484	\$ 712,250	\$ 1,959,586
Intermediate sources	-	-	-	-	-	-	1,148
State sources	-	-	-	-	-	-	308,760
Federal sources	44,259	47,970	254,850	484,667	-	-	2,630,645
Temporary loans	-	-	-	-	170,536	229,174	399,710
Other	-	-	-	-	82	117	504
Total receipts	44,259	47,970	254,919	484,767	644,102	941,541	5,300,353
Disbursements:							
Current:							
Instruction	142,916	58,554	151,410	352,619	-	-	1,924,596
Support services	-	4,172	-	-	-	301,464	811,505
Noninstructional services	-	-	-	-	-	-	1,189,460
Facilities acquisition and construction	-	-	-	-	-	-	10,627
Debt services	-	-	-	-	528,286	298,665	826,951
Nonprogrammed charges	-	-	-	-	-	-	128,796
Total disbursements	142,916	62,726	151,410	352,619	528,286	600,129	4,891,935
Excess (deficiency) of receipts over disbursements	(98,657)	(14,756)	103,509	132,148	115,816	341,412	408,418
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	4,397	4,397
Transfers in	-	-	-	-	-	-	74,300
Transfers out	-	-	-	-	-	-	(81,672)
Total other financing sources (uses)	-	-	-	-	-	4,397	(2,975)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(98,657)	(14,756)	103,509	132,148	115,816	345,809	405,443
Cash and investments - beginning	123,401	12,094	-	-	22,111	(67,165)	574,404
Cash and investments - ending	\$ 24,744	\$ (2,662)	\$ 103,509	\$ 132,148	\$ 137,927	\$ 278,644	\$ 979,847
Cash and Investment Assets - Ending							
Cash and investments	\$ 24,744	\$ (2,662)	\$ 103,509	\$ 132,148	\$ -	\$ 278,644	\$ 841,920
Restricted assets:							
Cash and investments	-	-	-	-	137,927	-	137,927
Total cash and investment assets - ending	\$ 24,744	\$ (2,662)	\$ 103,509	\$ 132,148	\$ 137,927	\$ 278,644	\$ 979,847
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 137,927	\$ -	\$ 137,927
Unrestricted	24,744	(2,662)	103,509	132,148	-	278,644	841,920
Total cash and investment fund balance - ending	\$ 24,744	\$ (2,662)	\$ 103,509	\$ 132,148	\$ 137,927	\$ 278,644	\$ 979,847

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ -	\$ -
Plan members	-	-	-
State	-	-	-
Other	-	-	-
	-	-	-
Total contributions	-	-	-
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	157	-	157
Dividends	-	-	-
	-	-	-
Total investment earnings	157	-	157
Less investment disbursements	-	-	-
Net investment earnings	157	-	157
Total additions	157	-	157
Deductions:			
Benefits	36,071	-	36,071
Refunds of contributions	-	-	-
Administrative and general	-	-	-
	-	-	-
Total deductions	36,071	-	36,071
Excess (deficiency) of total additions over total deductions	(35,914)	-	(35,914)
Cash and investment fund balance - beginning	101,036	-	101,036
Cash and investment fund balance - ending	\$ 65,122	\$ -	\$ 65,122
Net assets:			
Cash and investments	\$ 65,122	\$ -	\$ 65,122
Total net assets - cash and investment basis held in trust	\$ 65,122	\$ -	\$ 65,122

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 70,000	\$ 70,000
Investment earnings:			
Interest	<u>23</u>	<u>-</u>	<u>23</u>
Total additions	<u>23</u>	<u>70,000</u>	<u>70,023</u>
Deductions:			
Benefits	<u>36,071</u>	<u>-</u>	<u>36,071</u>
Excess (deficiency) of total additions over total deductions	(36,048)	70,000	33,952
Cash and investment fund balance - beginning	<u>65,122</u>	<u>-</u>	<u>65,122</u>
Cash and investment fund balance - ending	<u>\$ 29,074</u>	<u>\$ 70,000</u>	<u>\$ 99,074</u>
Net assets:			
Cash and investments	<u>\$ 29,074</u>	<u>\$ 70,000</u>	<u>\$ 99,074</u>
Total net assets - cash and investment basis held in trust	<u>\$ 29,074</u>	<u>\$ 70,000</u>	<u>\$ 99,074</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	2008 Community Relations	Nick Arone Memorial	Totals
Additions:			
Investment earnings:			
Interest	\$ -	\$ 58	\$ 58
Deductions:			
Administrative and general	<u>1,278</u>	<u>-</u>	<u>1,278</u>
Excess (deficiency) of total additions over total deductions	(1,278)	58	(1,220)
Cash and investment fund balance - beginning	<u>1,278</u>	<u>10,407</u>	<u>11,685</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 10,465</u>	<u>\$ 10,465</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 10,465</u>	<u>\$ 10,465</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 10,465</u>	<u>\$ 10,465</u>

WA-NEE COMMUNITY SCHOOLS
 IG SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT B
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	<u>2900 Nick Arone Memorial</u>	<u>Totals</u>
Additions:		
Contributions:		
Other	\$ 75,000	\$ 75,000
Investment earnings:		
Interest	<u>10</u>	<u>10</u>
Total additions	<u>75,010</u>	<u>75,010</u>
Deductions:		
Administrative and general	<u>-</u>	<u>-</u>
Excess of total additions over total deductions	75,010	75,010
Cash and investment fund balance - beginning	<u>10,465</u>	<u>10,465</u>
Cash and investments - June 30	<u>\$ 85,475</u>	<u>\$ 85,475</u>
Net assets:		
Cash and investments	<u>\$ 85,475</u>	<u>\$ 85,475</u>
Total net assets - cash and investment basis held in trust	<u>\$ 85,475</u>	<u>\$ 85,475</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2009

	Payroll
Additions:	
Agency fund additions	\$ 3,771,752
Deductions:	
Agency fund deductions	3,856,409
Deficiency of total additions over total deductions	(84,657)
Cash and investment fund balance - beginning	130,623
Cash and investment fund balance - ending	\$ 45,966

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Payroll
Additions:	
Agency fund additions	\$ 4,334,407
Deductions:	
Agency fund deductions	4,354,313
Deficiency of total additions over total deductions	(19,906)
Cash and investment fund balance - beginning	45,966
Cash and investment fund balance - ending	\$ 26,060

WA-NEE COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,482,950
Buildings	53,811,125
Improvements other than buildings	2,414,146
Machinery and equipment	<u>7,010,793</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 64,719,014</u>

WA-NEE COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Wa-Nee Elementary	\$ 1,370,000	\$ 1,378,500
Wa-Nee Elementary/High School	1,674,175	2,004,763
Wa-Nee Middle School	13,285,000	1,816,000
Wa-Nee Community School Building Corporation	<u>5,705,000</u>	<u>762,000</u>
Total capital leases	22,034,175	5,961,263
Bonds payable:		
General obligation bonds:		
Retirement Severance Bond	<u>1,930,000</u>	<u>318,767</u>
Total governmental activities long-term debt	<u>\$ 23,964,175</u>	<u>\$ 6,280,030</u>

WA-NEE COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Transportation Bus Replacement Fund and P.L. 101-476 FY 07-08 Fund were overdrawn at June 30, 2009, by \$67,165 and \$57,658, respectively.

The Textbook Rental Fund and P.L. 108-446 Special Education Fund were overdrawn at June 30, 2010, by \$49,382 and \$114,157, respectively.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PURCHASING POLICY - NON ADHERENCE

The School Corporation has an administrative policy for purchasing (Section 6320). The Purchasing - General Provisions section states, "A. All purchases shall be by purchase order processed through the central office. B. the Accounts Payable Clerk shall be responsible for encumbering the funds as soon as the purchase order has been issued." The Accounts Payable Process sections states, "A.1. A requisition should be completed for all items purchased. This includes items that will be picked up and charged at a local merchant". "F.2. If an invoice is received without a purchase order having been issued; an Accounts Payable Voucher shall be attached to it and sent to the building. This Accounts Payable Voucher must be signed in lieu of the pink copy of the purchase order verifying receipt of the merchandise or services." We noted that in the majority of the claims reviewed, the School Corporation was not adhering to the purchasing policy.

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)

TRANSACTION RECORDING – APPLIES TO NAPPANEE ELEMENTARY SCHOOL

We were advised receipts from mid February 2010 to June 30, 2010, were not reflected in the extra-curricular records due to a change in bank accounts. However, these collections were deposited in a timely manner into the new bank account. Therefore, the SA-5 finance report for 2009-2010 did not accurately reflect all the transactions of the extra-curricular funds. Receipts for 2009-2010 were understated. Receipts from mid February to June 30, 2010, were recorded in July 2010.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Compliance

We have audited the compliance of the Wa-Nee Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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, 2009 and 2010.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

November 10, 2010

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 62,006	\$ 82,484
National School Lunch Program	10.555		<u>547,462</u>	<u>644,858</u>
Total for federal grantor agency			<u>609,468</u>	<u>727,342</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-09 Section 1003(g) 08-2285 09-2285 10-2285	58,250 20,046 474,460 <u>-</u>	44,395 - 72,269 <u>456,463</u>
Total for program			<u>552,756</u>	<u>573,127</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>-</u>	<u>151,410</u>
Total for cluster			<u>552,756</u>	<u>724,537</u>
Pass-Through Goshen Community Schools Special Education Cluster				
Special Education - Grants to States	84.027	FY 07-08 FY 08-09 FY09-10	11,159 534,887 <u>-</u>	- 52,473 <u>574,295</u>
Total for program			<u>546,046</u>	<u>626,768</u>
ARRA - Special Education Grants to States, Recovery Act	84.391		<u>-</u>	<u>352,619</u>
Total for cluster			<u>546,046</u>	<u>979,387</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>-</u>	<u>2,170,629</u>
Pass-Through Elkhart Community Schools Career and Technical Education - Basic Grants to States	84.048	FY 08-09 FY09-10	8,620 <u>-</u>	60 <u>5,565</u>
Total for program			<u>8,620</u>	<u>5,625</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 07-08 FY 08-09 FY09-10	5,949 7,443 <u>-</u>	- 7,087 <u>2,574</u>
Total for program			<u>13,392</u>	<u>9,661</u>
State Grants for Innovative Programs	84.298		<u>6,016</u>	<u>2,798</u>
English Language Acquisition Grants	84.365	FY 07-08 FY 08-09 FY09-10	10,762 36,356 <u>-</u>	- 12,094 <u>50,632</u>
Total for program			<u>47,118</u>	<u>62,726</u>
Improving Teacher Quality State Grants	84.367	FY 08-09 FY09-10	109,619 <u>-</u>	- <u>142,916</u>
Total for program			<u>109,619</u>	<u>142,916</u>
Total for federal grantor agency			<u>1,283,567</u>	<u>4,098,279</u>
Total federal awards expended			<u>\$ 1,893,035</u>	<u>\$ 4,825,621</u>

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

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wa-Nee Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster	10.555	\$ 84,476	\$ 93,263

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WA-NEE COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WA-NEE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2010, with Roger B. Zentz, Treasurer; Joseph M. Sabo, Superintendent of Schools; and Eric Brown, President of the School Board. The officials concurred with our audit findings.