

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

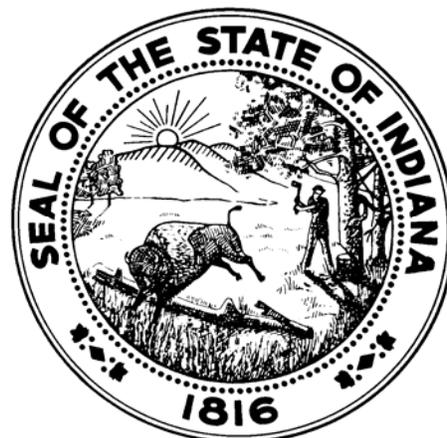
AUDIT REPORT

OF

WEST CENTRAL SCHOOL CORPORATION

PULASKI COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED
01/22/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Cash and Investments	6-7
Statement of Cash Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Governmental Funds.....	10-11
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments – Fiduciary Funds.....	12-13
Statement of Cash and Investments – Fiduciary Funds	14-15
Notes to Financial Statements	16-26
Required Supplementary Information:	
Schedule of Funding Progress	27
Supplementary Information:	
Schedule of Capital Assets.....	28
Schedule of Long-Term Debt.....	29
Audit Results and Comments:	
Athletic Fund Expenditures.....	30
Capital Asset Records	30
Supplemental Audit of Federal Awards:	
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	32-33
Schedule of Expenditures of Federal Awards.....	34-35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs.....	37
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	38
Exit Conference.....	39

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela Ledford	07-01-04 to 06-30-07
Superintendent of Schools	Charles R. Mellon	07-01-04 to 06-30-07
President of the School Board	Kerry Miller Dean Lowry	07-01-04 to 06-30-05 07-01-05 to 06-30-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WEST CENTRAL SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Central School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, which collectively comprise the West Central 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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 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 presents 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, 2005 and 2006, 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 14, 2006, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the table of contents, are not required parts of the basic financial statements but are 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 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.

STATE BOARD OF ACCOUNTS

November 14, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE WEST CENTRAL SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

We have audited the financial statements of the West Central School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated November 14, 2006. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

November 14, 2006

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,922,971
Restricted assets:	
Cash and investments	<u>331,018</u>
Total assets	<u>\$ 3,253,989</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 331,018
Unrestricted	<u>2,922,971</u>
Total net assets	<u>\$ 3,253,989</u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,839,442
Restricted assets:	
Cash and investments	<u>202,127</u>
Total assets	<u>\$ 3,041,569</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 202,127
Unrestricted	<u>2,839,442</u>
Total net assets	<u>\$ 3,041,569</u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 4,247,682	\$ -	\$ 57,127	\$ (4,190,555)
Support services	6,195,309	271,335	192,043	(5,731,931)
Community services	93,704	-	-	(93,704)
Nonprogrammed charges	241,449	-	-	(241,449)
Debt service	1,327,113	-	-	(1,327,113)
Total governmental activities	\$ 12,105,257	\$ 271,335	\$ 249,170	(11,584,752)
General receipts:				
Property taxes				4,621,720
Other local sources				1,325,625
State aid				3,770,834
Grants and contributions not restricted				2,971,640
Sale of property, adjustments, and refunds				37,426
Investment earnings				41,243
Total general receipts				12,768,488
Change in cash and investments				1,183,736
Net assets - beginning				2,070,253
Net assets - ending				\$ 3,253,989

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 4,261,032	\$ -	\$ 53,258	\$ (4,207,774)
Support services	6,527,023	274,381	187,067	(6,065,575)
Community services	94,099	-	-	(94,099)
Nonprogrammed charges	116,589	-	-	(116,589)
Debt service	599,000	-	-	(599,000)
Total governmental activities	\$ 11,597,743	\$ 274,381	\$ 240,325	(11,083,037)
General receipts:				
Property taxes				2,767,218
Other local sources				1,073,238
State aid				3,873,250
Grants and contributions not restricted				2,886,165
Sale of property, adjustments, and refunds				177,040
Investment earnings				93,706
Total general receipts				10,870,617
				Change in cash and investments (212,420)
				Net assets - beginning 3,253,989
				\$ 3,041,569

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Special Education Grant - 2005	Debt Service	Capital Projects	School Bus Replacement	Other	Total
Receipts:								
Local sources	\$ 2,860,287	\$ 503,364	\$ -	\$ 861,462	\$ 785,322	\$ 149,851	\$ 285,176	\$ 5,445,462
Intermediate sources	40,759	-	-	-	-	-	773,702	814,461
State sources	3,816,865	-	-	-	-	-	93,246	3,910,111
Federal sources	-	-	2,587,379	-	-	-	494,153	3,081,532
Sale of property, adjustments and refunds	14,387	4,862	-	-	730	500	16,948	37,427
Intergovernmental transfers	9,862	20,782	-	33,646	-	-	26,233	90,523
Total receipts	6,742,160	529,008	2,587,379	895,108	786,052	150,351	1,689,458	13,379,516
Disbursements:								
Current:								
Instruction	3,002,548	-	735,730	-	-	-	509,404	4,247,682
Support services	2,569,023	381,632	1,615,385	-	215,619	159,942	1,253,708	6,195,309
Community services	91,516	-	-	-	-	-	2,188	93,704
Nonprogrammed charges	287,140	2,184	12,500	3,850	3,010	928	22,360	331,972
Debt services	289,993	105,135	-	931,985	-	-	-	1,327,113
Total disbursements	6,240,220	488,951	2,363,615	935,835	218,629	160,870	1,787,660	12,195,780
Excess (deficiency) of total receipts over (under) total disbursements	501,940	40,057	223,764	(40,727)	567,423	(10,519)	(98,202)	1,183,736
Cash and investments - beginning	487,395	97,270	-	371,745	219,759	53,312	840,772	2,070,253
Cash and investments - ending	<u>\$ 989,335</u>	<u>\$ 137,327</u>	<u>\$ 223,764</u>	<u>\$ 331,018</u>	<u>\$ 787,182</u>	<u>\$ 42,793</u>	<u>\$ 742,570</u>	<u>\$ 3,253,989</u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Special Education Grant - 2006	Special Education Grant - 2005	Debt Service	Capital Projects	School Bus Replacement	Other	Total
Receipts:									
Local sources	\$ 1,797,604	\$ 323,742	\$ -	\$ -	\$ 497,530	\$ 500,124	\$ 72,162	\$ 291,728	\$ 3,482,890
Intermediate sources	41,972	1,014	-	-	-	-	-	682,666	725,652
State sources	3,915,363	-	-	-	-	-	-	96,936	4,012,299
Federal sources	-	-	2,414,647	-	-	-	-	572,795	2,987,442
Sale of property, adjustments and refunds	105,682	2,923	-	-	-	-	-	68,435	177,040
Intergovernmental transfers	29,238	-	12,012	-	-	-	-	363,439	404,689
Total receipts	5,889,859	327,679	2,426,659	-	497,530	500,124	72,162	2,075,999	11,790,012
Disbursements:									
Current:									
Instruction	3,013,776	-	725,141	42,854	-	-	-	479,261	4,261,032
Support services	2,737,962	386,373	1,645,231	180,910	6,441	380,693	60,392	1,129,021	6,527,023
Community services	91,619	-	-	-	-	-	-	2,480	94,099
Nonprogrammed charges	291,231	7,264	24,512	-	20,980	125,209	791	51,291	521,278
Debt services	-	-	-	-	599,000	-	-	-	599,000
Total disbursements	6,134,588	393,637	2,394,884	223,764	626,421	505,902	61,183	1,662,053	12,002,432
Excess (deficiency) of total receipts over (under) total disbursements	(244,729)	(65,958)	31,775	(223,764)	(128,891)	(5,778)	10,979	413,946	(212,420)
Cash and investments - beginning	989,335	137,327	-	223,764	331,018	787,182	42,793	742,570	3,253,989
Cash and investments - ending	\$ 744,606	\$ 71,369	\$ 31,775	\$ -	\$ 202,127	\$ 781,404	\$ 53,772	\$ 1,156,516	\$ 3,041,569

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ -	\$ 140,015
Transfers	<u>3,100</u>	<u>-</u>
Total additions	<u>3,100</u>	<u>140,015</u>
Deductions:		
Instruction	-	89,435
Support services	<u>3,850</u>	<u>10,426</u>
Total deductions	<u>3,850</u>	<u>99,861</u>
Excess (deficiency) of total additions over (under) total deductions	(750)	40,154
Cash and investments - beginning	<u>750</u>	<u>73,384</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 113,538</u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 106,800
Transfers	6,050	-
Total additions	6,050	106,800
Deductions:		
Instruction	-	95,703
Support services	6,050	14,860
Total deductions	6,050	110,563
Deficiency of total additions under total deductions	-	(3,763)
Cash and investments - beginning	-	113,538
Cash and investments - ending	\$ -	\$ 109,775

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ <u>113,538</u>	\$ <u>50,426</u>
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ <u>113,538</u>	

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2006

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 109,775	\$ 55,933
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 109,775	

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

Joint Venture

The School Corporation is a participant with 10 other school corporations in a joint venture to operate the Indian Trails Career Cooperative which was created to engage in the joint employment of personnel and joint purchases of supplies, equipment, and facilities to provide programs and services for vocational education. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the local educational agency (Twin Lakes School Corporation) at 565 South Main Street, Monticello, IN 47960.

The School Corporation is a participant with several other schools in a joint venture to operate the Cooperative School Services for Special Education which was created to provide special education services to handicapped children. The School Corporation is obligated by contract to remit annually the actual direct cost necessary to operate this program. The Cooperative School Service for Special Education pays its surplus to the participants. The Cooperative School Service for Special Education continued existence depends on continued funding by the School Corporation. The School Corporations are obligated for the debts of the Cooperative School Service for Special Education. Complete financial statements for the Cooperative School Service for Special Education can be obtained from the local education agency (West Central School Corporation) at 117 East Montgomery Street, Box 578, Francesville, IN 47946.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements, (i.e., the Statement of Cash and Investments and the Statement of Cash Activities) report information on all of the nonfiduciary activities of the School Corporation and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, there are no business-type activities to report at this time. Likewise, the primary government is reported separately from certain legally separate component units for which the School Corporation is financially accountable.

The Statement of Cash Activities demonstrates the degree to which direct disbursements of a given function or segment is offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund and fiduciary financial statements are reported using the basis of accounting that demonstrates compliance with the cash 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 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.

The School Corporation reports the following major governmental funds:

The general fund is the School Corporation's primary operating fund and accounts for all financial resources of the School Corporation, except those required to be accounted for in another fund.

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

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

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

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

The special education federal grant funds account for the costs to provide instruction to handicapped children.

Additionally, the School Corporation reports the following fund types:

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

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Agency funds account for assets held by the School Corporation as an agent for state and federal taxing authorities, various employee benefit providers, and service as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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

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.

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

D. Assets and Cash Net Assets or Equity

1. Deposits and Investments

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

2. Property Taxes

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

3. Compensated Absences

a. Sick Leave

Certified personnel are authorized ten days per school year during the first year and seven days per school year thereafter. Certified personnel on extended contracts would receive an additional day per month. Certified personnel's sick leave may be accumulated indefinitely. Noncertified personnel earn sick leave at rates varying from two to seven days per school year based on job classification. Sick leave may accumulate from ten to forty days maximum also based on job classification.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees on twelve month contracts earn vacation leave at rates from ten days to twenty days per year based upon job classification and the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Certified School Corporation employees earn personal leave at the rate of two days per school year. Unused personal leave may be transferred to sick leave. Noncertified personnel entitled to sick leave may use two days of sick leave per school year as personal leave.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

On or before September 10, the fiscal officer of the School Corporation submits to the School 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 School Board to obtain taxpayer comments. No later than September 20th of each year, the School Board, through the passage of a resolution, adopts the budget for the next year. Copies of the budget resolution and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes effective after the School Corporation receives notice from 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 School Board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

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. Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Capital Assets

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) are as follows:

	Capitalization Threshold
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Machinery and equipment	1,000

Capital asset activity for the years ended June 30, 2005 and 2006, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Fiscal Year 2004-2005</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Buildings	\$ 16,035,004	\$ 36,563	\$ -	\$ 16,071,567
Improvements other than buildings	509,675	16,333	-	526,008
Machinery and equipment	6,669,233	230,224	-	6,899,457
Total governmental activities, capital assets not being depreciated	\$ 23,213,912	\$ 283,120	\$ -	\$ 23,497,032
 <u>Fiscal Year 2005-2006</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Buildings	\$ 16,071,567	\$ 3,952	\$ -	\$ 16,075,519
Improvements other than buildings	526,008	16,884	-	542,892
Machinery and equipment	6,899,457	96,138	-	6,995,595
Total governmental activities, capital assets not being depreciated	\$ 23,497,032	\$ 116,974	\$ -	\$ 23,614,006

C. Construction Commitments

On April 20, 2006, West Central School Corporation awarded a bid for an elementary roof project to Sentry Roofing for \$365,060. Payments on this project were from the Capital Projects Fund and started July 6, 2006. As of November 14, 2006, the project is approximately 95% complete.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Also, the 8 member school corporations of the Cooperative School Services have formed an "Interlocal" for the purpose of purchasing real estate, constructing a building and financing related costs. The Interlocal anticipates needing a loan of approximately \$1,500,000. The participating corporations will pledge their capital project fund money to repay, based on ADM counts, the loan. On November 14, 2006, the Interlocal accepted a bid from Fowler State Bank of 4.62% for a 15 year loan. West Central anticipates their annual share of the repayment to be approximately \$9,000/year.

D. Interfund Transfers

Interfund transfers for the fiscal years ended June 30, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
General Fund	Debt Service	\$ 33,646	\$ -
General Fund	Transportation Operating	20,782	-
General Fund	Rainy Day	-	150,000
General Fund	Levy Excess	12,379	40,292
General Fund	Title I	43	-
Debt Service	Textbook Rental	-	9,482
Debt Service	Levy Excess	3,850	11,498
Capital Projects	Rainy Day	-	113,000
Capital Projects	Levy Excess	3,010	12,209
Transportation Operating	Levy Excess	2,184	7,264
School Bus Replacement	Levy Excess	928	791
Special Ed Pre-School	Levy Excess	37	119
Levy Excess	General Fund	-	22,388
Coop-Joint Service	Coop-Joint Service	-	12,012
Coop-Joint Service	Special Ed Grant - Silver	-	3,224
IN Medicaid Reimbursement	General Fund	9,862	6,850
Title I	Title I	3,802	323
Special Education	Coop-Joint Service	-	15,237
Totals		<u>\$ 90,523</u>	<u>\$ 404,689</u>

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

E. Leases

1. Capital Leases

The School Corporation has entered into a capital lease for an addition to and renovation of school facilities. Future minimum lease payments and present values of the net minimum lease payments under the capital lease as of June 30, 2006, follows:

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Activities
2007	\$ 607,000
2008	597,000
2009	607,000
2010	601,000
2011	600,000
2012-2016	4,912,000
Total minimum lease payments	7,924,000
Less amount representing interest	1,829,000
Present value of net minimum lease payments	\$ 6,095,000

The assets acquired through capital leases still in effect are as follows:

	Governmental Activities
Buildings	\$ 6,627,233
Improvements other than buildings	127,000
Machinery and equipment	4,665,767
Total	\$ 11,420,000

F. Long-Term Liabilities

1. Notes and Loans Payable

The School Corporation has entered into a loan. Annual debt service requirements to maturity for the loan are as follows:

	Governmental Activities	
	Principal	Interest
2007	\$ 20,000	\$ -
2008	15,000	-
Totals	\$ 35,000	\$ -

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Changes in Long-Term Debt

Long-term debt activity for the years ended June 30, 2005 and 2006, was as follows:

<u>Fiscal Year 2004-2005</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 6,340,000	\$ -	\$ 290,000	\$ 6,050,000	\$ 405,000
Notes and loans payable	<u>75,000</u>	<u>-</u>	<u>20,000</u>	<u>55,000</u>	<u>20,000</u>
Total governmental activities long-term liabilities	<u>\$ 6,415,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 6,105,000</u>	<u>\$ 425,000</u>
 <u>Fiscal Year 2005-2006</u>					
Governmental activities:					
Capital leases	\$ 6,050,000	\$ 6,500,000	\$ 6,455,000	\$ 6,095,000	\$ 365,000
Notes and loans payable	<u>55,000</u>	<u>-</u>	<u>20,000</u>	<u>35,000</u>	<u>20,000</u>
Total governmental activities long-term liabilities	<u>\$ 6,105,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,475,000</u>	<u>\$ 6,130,000</u>	<u>\$ 385,000</u>

IV. Other Information

A. Risk Management

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

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

Group Health Insurance

During 1985, the School Corporation joined together with other governmental entities to form the Midwest Area School Employees' Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 14 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of group health insurance plans for the benefit of members' employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$125,000 per individual and \$2,000,000 in aggregate insured event. The risk pool obtains independent coverage for insured events in excess of the \$125,000 and \$2,000,000 limit.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with West Central 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.

The elementary school facilities under the lease are included in the capital assets note of the School Corporation and the corresponding lease obligation has been included in the governmental activities column of the lease note. Lease payments during the two year audit period totaled \$1,200,000.

On April 28, 2005, West Central School Building Corporation issued First Mortgage Refunding Bonds, Series 2005 in the principal amount of \$6,500,000 to refund its First Mortgage Bonds, Series 1998 bonds that were still outstanding in the principal amount of \$6,050,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment early retirement benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after a teacher becomes eligible for retirement under the Rule 85 regulations, that have been established by the Indiana Teachers Retirement Fund statute and cease their employment with at least 15 years of service. Currently, 2 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2006, disbursements of \$10,000 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

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:

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 51,086
Interest on net pension obligation	(6,207)
Adjustment to annual required contribution	7,074
Annual pension cost	51,953
Contributions made	56,361
Decrease in net pension obligation	(4,408)
Net pension obligation, beginning of year	(85,617)
Net pension obligation, end of year	\$ (90,025)
Contribution rates:	
School Corporation	5.75%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

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

WEST CENTRAL SCHOOL CORPORATION
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>
06-30-03	\$ 45,545	133%	\$ (64,745)
06-30-04	39,390	153%	(85,617)
06-30-05	51,953	143%	(90,025)

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.

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 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2004, 2005, and 2006, were \$56,858, \$64,473, and \$68,446, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

WEST CENTRAL SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	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)
07-01-03	\$ 808,205	\$ 781,137	\$ 27,068	103%	\$ 821,859	3%
07-01-04	835,208	889,281	(54,073)	94%	902,301	(6%)
07-01-05	879,788	995,574	(115,786)	88%	923,837	(13%)

WEST CENTRAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2006

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:	
Buildings	\$ 16,075,519
Improvements other than buildings	542,892
Machinery and equipment	<u>6,995,595</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>23,614,006</u></u>

WEST CENTRAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2006

The School Corporation has entered into the following capital lease:

Description of Debt	Present Value of Net Minimum Lease Payments
School Buildings	\$ 6,095,000
Loan Payable	
Energy Efficiency Loan	\$ 35,000

WEST CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ATHLETIC FUND EXPENDITURES (Extra-Curricular)

We noted several Athletic Fund disbursements during the review of extra-curricular expenditures which appear to be personal in nature or not of benefit to the students for which the fund was established. Examples include: reimbursed travel expenses related to the recruitment of a new Varsity Football coach and Social Studies teacher; monthly cellular phone bills for the Athletic Director; a cellular phone purchased for the Athletic Director; and an annual golf outing, including a meal, for the athletic staff.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CAPITAL ASSET RECORDS

The School Corporation's detailed capital asset record was prepared by an appraisal firm from data submitted by the School Corporation. Excluded from the capital asset record is a listing of school owned land, and additions and deletions. Inventories are prepared by teachers and department heads, but the inventories were not reconciled to the asset record prepared by the appraisal firm. General Form 369 has been started being maintained, but only includes current year additions.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 WEST CENTRAL SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

Compliance

We have audited the compliance of the West Central School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. 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, 2005 and 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

November 14, 2006

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006

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 06-30-05	Total Federal Awards Expended 06-30-06
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
National School Breakfast Program	10.553		\$ 32,064	\$ 38,559
National School Lunch Program	10.555		<u>112,058</u>	<u>118,325</u>
Total for cluster			<u>144,122</u>	<u>156,884</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Special Education Cluster				
Special Education Grants to States	84.027			
		14203-051-DY08	725	-
		14203-051-SN01	2,521	-
		14204-032-DY01	-	85,000
		14204-051-PY02	195,875	2,155
		14205-051-DY01	-	40,621
		14205-051-PN01	2,363,615	223,764
		14205-051-SN01	40,100	3,359
		14206-051-PN01	<u>-</u>	<u>2,382,873</u>
Total for program			<u>2,602,836</u>	<u>2,737,772</u>
Special Education Preschool Grants	84.173			
		45705-051-PN01	121,804	13,641
		45706-051-PN01	<u>-</u>	<u>108,177</u>
Total for program			<u>121,804</u>	<u>121,818</u>
Total for cluster			<u>2,724,640</u>	<u>2,859,590</u>
Title I Grants to Local Educational Agencies	84.010			
		04-6630	14,693	-
		05-6630	96,768	12,463
		06-6630	<u>-</u>	<u>88,420</u>
Total for program			<u>111,461</u>	<u>100,883</u>
Safe and Drug Free Schools and Communities State Grants	84.186			
		03-115	1,463	525
		04-078	1,094	2,397
		05-116	<u>-</u>	<u>1,543</u>
Total for program			<u>2,557</u>	<u>4,465</u>

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

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006
(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 06-30-05	Total Federal Awards Expended 06-30-06
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Eisenhower Professional Development	84.281A			
		99-140	1,711	-
		00-153	3,919	-
		01-173	<u>3,347</u>	<u>650</u>
Total for program			<u>8,977</u>	<u>650</u>
State Grants for Innovative Programs	84.298			
		03-028	1,944	128
		04-049	3,395	1,098
		05-024	<u>-</u>	<u>1,273</u>
Total for program			<u>5,339</u>	<u>2,499</u>
Education Technology State Grants	84.318			
		2002-03	899	-
		2003-04	509	2,079
		2004-05	-	2,652
		2005-06	<u>-</u>	<u>705</u>
Total for program			<u>1,408</u>	<u>5,436</u>
Improving Teacher Quality State Grants	84.367			
		03-048	20,094	-
		04-017	19,946	19,888
		05-021	<u>-</u>	<u>18,304</u>
Total for program			<u>40,040</u>	<u>38,192</u>
Total for federal grantor agency			<u>2,894,422</u>	<u>3,011,715</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			
		2004-05	3,972	1,028
		2005-06	<u>-</u>	<u>4,175</u>
Total for program			<u>3,972</u>	<u>5,203</u>
Total federal awards expended			<u>\$ 3,042,516</u>	<u>\$ 3,173,802</u>

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

WEST CENTRAL SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2005 and 2006. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2004	2005
School Breakfast Program	10.553	\$ 2,620	\$ 2,472
National School Lunch Program	10.555	9,311	7,652

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.027	Special Education Grants to States

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.

WEST CENTRAL SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WEST CENTRAL SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2006, with Dean Lowry, President of the School Board; Charles R. Mellon, Superintendent of Schools; and Pamela Ledford, Treasurer. The officials concurred with our audit findings.