

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

AUDIT REPORT
OF
WESTFIELD WASHINGTON SCHOOL CORPORATION
HAMILTON COUNTY, INDIANA
July 1, 2004 to June 30, 2006



FILED
01/24/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha L. Bohannon	07-01-04 to 06-30-07
Superintendent of Schools	Dr. Mark Keen	07-01-04 to 06-30-07
President of the School Board	Dennis Ells Jane Catlin Dennis Ells	07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 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 WESTFIELD WASHINGTON
SCHOOL CORPORATION, HAMILTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westfield Washington School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, 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, 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 December 4, 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.

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

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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. 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

December 4, 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 WESTFIELD WASHINGTON
SCHOOL CORPORATION, HAMILTON COUNTY, INDIANA

We have audited the financial statements of the Westfield Washington School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated December 4, 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

December 4, 2006

WESTFIELD-WASHINGTON SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 15,257,723
Restricted assets:	
Cash and investments	<u>1,803,151</u>
Total assets	<u>\$ 17,060,874</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,803,151
Unrestricted	<u>15,257,723</u>
Total net assets	<u>\$ 17,060,874</u>

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

WESTFIELD-WASHINGTON SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 18,552,856
Restricted assets:	
Cash and investments	<u>1,452,061</u>
Total assets	<u>\$ 20,004,917</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,452,061
Unrestricted	<u>18,552,856</u>
Total net assets	<u>\$ 20,004,917</u>

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

WESTFIELD-WASHINGTON 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	\$ 13,572,453	\$ -	\$ 140,519	\$ (13,431,934)
Support services	21,481,582	1,594,502	251,536	(19,635,544)
Community services	181,483	-	-	(181,483)
Nonprogrammed charges	818,348	-	-	(818,348)
Debt service	18,770,496	-	-	(18,770,496)
Total governmental activities	\$ 54,824,362	\$ 1,594,502	\$ 392,055	(52,837,805)
General receipts:				
Property taxes				30,077,677
Other local sources				4,530,059
State aid				14,024,694
Grants and contributions not restricted				365,661
Bonds and loans				6,735,673
Sale of property, adjustments, and refunds				312,126
Investment earnings				270,672
Total general receipts				56,316,562
Change in cash and investments				3,478,757
Net assets - beginning				13,582,117
Net assets - ending				\$ 17,060,874

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

WESTFIELD-WASHINGTON 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	\$ 15,346,604	\$ -	\$ 123,783	\$ (15,222,821)
Support services	22,927,652	1,771,757	308,938	(20,846,957)
Community services	196,885	-	-	(196,885)
Nonprogrammed charges	2,930,613	-	-	(2,930,613)
Debt service	<u>20,969,160</u>	<u>-</u>	<u>-</u>	<u>(20,969,160)</u>
Total governmental activities	<u>\$ 62,370,914</u>	<u>\$ 1,771,757</u>	<u>\$ 432,721</u>	<u>(60,166,436)</u>
General receipts:				
Property taxes				34,006,852
Other local sources				5,706,381
State aid				14,024,615
Grants and contributions not restricted				536,729
Bonds and loans				7,754,400
Sale of property, adjustments, and refunds				338,685
Investment earnings				<u>742,817</u>
Total general receipts				<u>63,110,479</u>
Change in cash and investments				2,944,043
Net assets - beginning				<u>17,060,874</u>
Net assets - ending				<u>\$ 20,004,917</u>

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 12,723,539	\$ 2,093,882	\$ -	\$ 13,476,865	\$ 4,580,661	\$ 518,094	\$ 2,209,217	\$ 35,602,258
Intermediate sources	214	-	-	-	-	-	-	214
State sources	14,143,459	-	-	-	-	-	291,984	14,435,443
Federal sources	47,946	-	-	-	-	-	299,022	346,968
Bonds and loans	6,734,773	-	-	-	-	-	900	6,735,673
Sale of property, adjustments and refunds	116,666	1,921	-	-	69,290	-	72,603	260,480
Intergovernmental transfers	-	67,116	600,000	-	-	-	-	667,116
Total receipts	33,766,597	2,162,919	600,000	13,476,865	4,649,951	518,094	2,873,726	58,048,152
Disbursements:								
Current:								
Instruction	13,255,939	-	-	-	-	-	316,514	13,572,453
Support services	10,611,046	1,876,056	-	-	4,292,791	523,151	1,778,964	19,082,008
Community services	181,483	-	-	-	-	-	-	181,483
Nonprogrammed charges	2,141,139	124,263	-	667,116	52,393	-	10,400	2,995,311
Debt services	3,815,938	597,869	-	12,427,064	1,389,359	-	540,266	18,770,496
Total disbursements	30,005,545	2,598,188	-	13,094,180	5,734,543	523,151	2,646,144	54,601,751
Excess (deficiency) of total receipts over (under) total disbursements	3,761,052	(435,269)	600,000	382,685	(1,084,592)	(5,057)	227,582	3,446,401
Cash and investments - beginning	5,240,848	666,066	2,000,515	1,270,595	2,778,148	473,159	224,069	12,653,400
Cash and investments - ending	\$ 9,001,900	\$ 230,797	\$ 2,600,515	\$ 1,653,280	\$ 1,693,556	\$ 468,102	\$ 451,651	\$ 16,099,801

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

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

Net change in fund balances - total governmental funds	\$ 3,446,401
Amounts reported for governmental activities in the statement of cash activities are different because:	
Internal service funds are not reported as a part of governmental funds.	<u>32,356</u>
Change in cash and investments of governmental activities.	<u>\$ 3,478,757</u>

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 15,331,073	\$ 2,299,713	\$ -	\$ 14,400,855	\$ 5,245,592	\$ 771,974	\$ 3,289,345	\$ 41,338,552
Intermediate sources	213	-	-	-	-	-	-	213
State sources	14,126,234	-	-	-	-	-	294,698	14,420,932
Federal sources	52,533	-	-	-	-	-	520,602	573,135
Bonds and loans	5,729,400	550,000	-	-	1,375,000	-	100,000	7,754,400
Sale of property, adjustments and refunds	62,169	8,994	-	612	40,520	11,071	50,292	173,658
Intergovernmental transfers	-	67,116	800,000	-	-	-	109,557	976,673
Total receipts	<u>35,301,622</u>	<u>2,925,823</u>	<u>800,000</u>	<u>14,401,467</u>	<u>6,661,112</u>	<u>783,045</u>	<u>4,364,494</u>	<u>65,237,563</u>
Disbursements:								
Current:								
Instruction	14,465,680	-	-	-	-	-	880,924	15,346,604
Support services	11,326,917	2,014,145	-	-	4,443,069	242,630	2,220,971	20,247,732
Community services	196,885	-	-	-	-	-	-	196,885
Nonprogrammed charges	4,702,328	166,392	-	922,216	110,854	2,056	59,952	5,963,798
Debt services	6,700,000	-	-	13,881,459	-	-	387,701	20,969,160
Total disbursements	<u>37,391,810</u>	<u>2,180,537</u>	<u>-</u>	<u>14,803,675</u>	<u>4,553,923</u>	<u>244,686</u>	<u>3,549,548</u>	<u>62,724,179</u>
Excess (deficiency) of total receipts over (under) total disbursements	(2,090,188)	745,286	800,000	(402,208)	2,107,189	538,359	814,946	2,513,384
Cash and investments - beginning	9,001,900	230,797	2,600,515	1,653,280	1,693,556	468,102	451,651	16,099,801
Cash and investments - ending	<u>\$ 6,911,712</u>	<u>\$ 976,083</u>	<u>\$ 3,400,515</u>	<u>\$ 1,251,072</u>	<u>\$ 3,800,745</u>	<u>\$ 1,006,461</u>	<u>\$ 1,266,597</u>	<u>\$ 18,613,185</u>

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

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

Net change in fund balances - total governmental funds	\$ 2,513,384
Amounts reported for governmental activities in the statement of cash activities are different because:	
Internal service funds are not reported as a part of governmental funds.	<u>430,659</u>
Change in cash and investments of governmental activities.	<u>\$ 2,944,043</u>

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUNDS
For The Year Ended June 30, 2005

	Internal Service Fund
Receipts:	
Local sources	\$ 870,437
Sale of property, adjustments and refunds	51,646
Transfers	1,509,847
Total receipts	2,431,930
Disbursements:	
Support services	2,399,574
Changes in cash and investments	32,356
Cash and investments - beginning	928,717
Cash and investments - ending	\$ 961,073

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

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Internal Service Fund
Receipts:	
Local sources	\$ 889,041
Sale of property, adjustments and refunds	165,027
Transfers	2,056,512
Total receipts	3,110,580
Disbursements:	
Support services	2,679,921
Changes in cash and investments	430,659
Cash and investments - beginning	961,073
Cash and investments - ending	\$ 1,391,732

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

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

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 55,954
Sale of property, adjustments and refunds	62,065	960,332
Total additions	62,065	1,016,286
Deductions:		
Instruction	30,000	5,496
Support services	-	213,179
Nonprogrammed charges	32,065	51,300
Total deductions	62,065	269,975
Excess of total additions over total deductions	-	746,311
Cash and investments - beginning	-	45,409
Cash and investments - ending	\$ -	\$ 791,720

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

WESTFIELD-WASHINGTON 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	\$ -	\$ 70,196
Sale of property, adjustments and refunds	112,645	74,608
Total additions	112,645	144,804
Deductions:		
Instruction	67,088	3,601
Support services	-	84,827
Nonprogrammed charges	45,557	37,100
Total deductions	112,645	125,528
Excess of total additions over total deductions	-	19,276
Cash and investments - beginning	-	791,720
Cash and investments - ending	\$ -	\$ 810,996

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

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ -	\$ 791,720	\$ 411
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ -	\$ 791,720	

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

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ -	\$ 810,996	\$ 2,327
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ -	\$ 810,996	

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government

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 Carmel Clay School Corporation, Noblesville School Corporation, Hamilton Heights School Corporation, Tipton Community School Corporation, and Elwood School Corporation in a joint venture to operate a special education program, which was created to provide instruction to handicapped children. The School Corporation is obligated by contract to remit a semi-annual lease payment as well as a pro-rated share of the cost of operating the program. Complete financial statements can be obtained from Carmel Clay School Corporation.

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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, 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.

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

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

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for the self-funded health insurance.

The pension trust funds account for the activities of the pension bond, which accumulate resources for pension benefit payments.

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

Agency funds account for assets held by the School Corporation as an agent for employees and other agencies.

C. Measurement Focus and Basis of Accounting

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

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

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 to 12 days per year based on months of service. Unused sick leave may be accumulated to a maximum of 60 to 180 days, based on position. Accumulated sick leave is not paid to employees.

b. Vacation Leave

Non-teaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 10 days. Accumulated vacation leave is paid to employees through cash payments upon termination.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Personal leave does not accumulate from year to year.

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit 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.

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2006, the bank balance held at National City Bank in the amount of \$21,409,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-School Corporation's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2006, the School Corporation had the following investments:

Investment Type	Primary Government Market Value
Repurchase agreements	<u>\$ 21,409,000</u>

Investment Policies

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

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Repurchase agreements	\$ 21,409,000	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Standard and Poor's Rating	Moody's Rating	School Corporation's Investments Investment Pools
AAA	Aaa	\$ 21,409,000

Concentration of Credit Risk

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Foreign Currency Risk

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

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2004-2005</u>	<u>2005-2006</u>
General fund	Other governmental	\$ -	\$ 33,073
Transportation Operating	Other governmental	-	5,638
Debt Service	Transportation Operating	67,116	67,116
	Rainy Day Fund	600,000	800,000
	Other governmental	-	55,100
Capital Projects	Other governmental	-	12,304
Bus Replacement	Other governmental	-	2,056
Other governmental	Other governmental	-	1,386
		<u>667,116</u>	<u>976,673</u>
Totals		<u>\$ 667,116</u>	<u>\$ 976,673</u>

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

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. Risk financing is not utilized for the other risks of loss.

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. An excess policy through commercial insurance covers individual claims in excess of \$70,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external inter-fund transactions.

WESTFIELD WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with Westfield High School Building Corporation, Westfield Elementary School Building Corporation, Westfield Washington Multi-School School Corporation, and Westfield High School 1995 School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$13,507,500.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55. Currently, 9 retirees meet these eligibility requirements. The School Corporation and retirees provide a portion of the cost of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the two year period ended June 30, 2006, disbursements of \$79,777 were recognized for postemployment benefits.

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
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:	
Land	\$ 1,930,341
Buildings	94,434,552
Improvements other than buildings	3,411,769
Machinery and equipment	<u>13,979,960</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 113,756,622</u></u>

WESTFIELD-WASHINGTON SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
Copiers	\$ 138,833	\$ 54,432
Security system	254,579	78,846
building	203,613,650	8,166,780
Notes and loans payable	623,188	132,730
Bonds payable:		
General obligations bonds:		
GO bond	305,000	75,000
Pension Bond	3,530,000	100,000
Total governmental activities long-term debt	<u>\$ 208,465,250</u>	<u>\$ 8,607,788</u>

WESTFIELD WASHINGTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ADVANCE PAYMENTS

Dates on checks indicate that some payments (checks) were written to vendors and held in the safe until an invoice was received. Some checks were held in the safe for periods of ten to 12 weeks before the invoices were received and the claim actually paid.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The reports for reimbursement of school lunch were filed late with the Department of Education three out of ten reports in the 2004-2005 school year and five out of ten reports in 2005-2006 school year.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TICKET SALES FORM SA-4 (Applies to Westfield Middle School)

We noted several instances where the Form SA-4 was not used properly. The SA-4s included revenue from family discounts but the family discounts were not documented on the ticket sales reports. Family discounts were being sold but no documentation was presented that the School Board had approved the use of family discounts. The total revenue (per SA-4) did not match the actual revenue collected. As a result, full accountability for all money received from admissions could not be determined.

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

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

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

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

WESTFIELD WASHINGTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

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

ECA DEPOSITS (Applies to Westfield High School and Westfield Middle School)

Receipts were not always deposited within a reasonable time. Athletic event receipts, in some instances were held for periods in excess of fourteen days before depositing.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

BLANK CHECK DISBURSEMENTS (Applies to Westfield Intermediate School)

Four disbursements were noted where blank signed checks were given to individuals to pay for purchases.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

FUNDRAISERS (Applies to All Schools)

Each of the schools conducted fundraiser events during the audit period of July 1, 2004 through June 30, 2006, and the schools could not provide adequate documentation to support the revenue generated. There are no internal controls in place at the schools for the fundraiser events.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 WESTFIELD WASHINGTON
SCHOOL CORPORATION, HAMILTON COUNTY, INDIANA

Compliance

We have audited the compliance of the Westfield Washington 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; 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

December 04, 2006

WESTFIELD WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2004 and 2005

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 06-30-04	Total Federal Awards Expended 06-30-05
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2004-2005	\$ 20,731	\$ -
School Breakfast Program	10.553	FY 2005-2006	-	35,661
National School Lunch Program	10.555	FY 2004-2005	280,782	-
National School Lunch Program	10.555	FY 2005-2006	-	328,898
Total for cluster			<u>301,513</u>	<u>364,559</u>
Total for federal grantor agency			<u>301,513</u>	<u>364,559</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass Through Hamilton-Boone-Madison Special Services Cooperative				
Special Education - Grants to States	84.027	FY 2004-2005	68,649	-
		FY 2005-2006	-	41,767
Special Education_Preschool Grants	84.173	FY 2004-2005	9,257	-
		FY 2005-2006	-	6,298
Pass Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186	Project 02-010	2,347	-
		Project 03-132	3,674	7,667
		Project 04-112	-	6,687
		Project 05-138	-	319
Total for program			<u>6,021</u>	<u>14,673</u>
State Grants for Innovative Programs	84.298	Project 02-201	11,842	-
		Project 03-068	14,801	8,828
		Project 04-140	900	5,939
Total for program			<u>27,543</u>	<u>14,767</u>
English Language Acquisition Grants	84.365	FY 2004-2005	4,243	-
		FY 2005-2006	-	8,589
Improving Teacher Quality State Grants	84.367	Project 02-194	11,466	-
		Project 03-080	44,928	16,143
		Project 04-137	684	50,448
		Project 05-056	-	7,077
Total for program			<u>57,078</u>	<u>73,668</u>
Total for federal grantor agency			<u>172,791</u>	<u>159,762</u>
Total federal awards expended			<u>\$ 474,304</u>	<u>\$ 524,321</u>

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

WESTFIELD WASHINGTON 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 Westfield Washington 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	2005-2006
Child Nutrition Cluster	10.555	\$ 45,204	\$ 61,042

WESTFIELD WASHINGTON 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	<u>Name of Federal Program or Cluster</u>
----------------	---

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters were reportable.

Section III – Federal Award Findings and Questioned Costs

No matters were reportable.

WESTFIELD WASHINGTON SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WESTFIELD WASHINGTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2006, with Dr. Mark Keen, Superintendent of Schools; Marsha L. Bohannon, Treasurer; and Nicholas O. Verhoff, Director of Business. The officials concurred with our audit findings.