

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

AUDIT REPORT  
OF  
WESTERN SCHOOL CORPORATION  
HOWARD COUNTY, INDIANA  
July 1, 2006 to June 30, 2008



**FILED**  
03/05/2009



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pam Carter	07-01-06 to 06-30-09
Superintendent of Schools	Ronald Wilson Dr. Peter O'Rourke	07-01-06 to 06-30-07 07-01-07 to 06-30-09
President of the School Board	Jon A. Marley J. Conrad Maugans	07-01-06 to 06-30-07 07-01-07 to 06-30-09



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

TO: THE OFFICIALS OF THE WESTERN SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the School Corporation prepares its financial statements on the 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, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 4, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

February 4, 2009



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

TO: THE OFFICIALS OF THE WESTERN SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 4, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 9,332,403	\$ -	\$ 72,120	\$ (9,260,283)
Support services	7,091,736	691,414	262,427	(6,137,895)
Community services	325,016	-	-	(325,016)
Nonprogrammed charges	161,009	-	-	(161,009)
Debt service	3,913,726	-	-	(3,913,726)
<u>Total governmental activities</u>	<u>\$ 20,823,890</u>	<u>\$ 691,414</u>	<u>\$ 334,547</u>	<u>(19,797,929)</u>
General receipts:				
Property taxes				8,987,877
Other local sources				1,907,457
State aid				8,493,348
Bonds and loans				1,287,000
Grants and contributions not restricted to specific programs				399,979
Sale of property, adjustments, and refunds				7,020
Investment earnings				264,614
<u>Total general receipts</u>				<u>21,347,295</u>
Change in net assets				1,549,366
Net assets - beginning				<u>6,066,336</u>
Net assets - ending				<u>\$ 7,615,702</u>
<u>Assets</u>				
Cash and investments				\$ 6,546,449
Restricted assets:				
Cash and investments				<u>1,069,253</u>
<u>Total assets</u>				<u>\$ 7,615,702</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,069,253
Unrestricted				<u>6,546,449</u>
<u>Total net assets</u>				<u>\$ 7,615,702</u>

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

WESTERN SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 9,683,559	\$ -	\$ 96,653	\$ (9,586,906)
Support services	8,831,850	718,815	323,607	(7,789,428)
Community services	367,644	-	-	(367,644)
Nonprogrammed charges	186,040	-	-	(186,040)
Debt service	<u>2,281,624</u>	<u>-</u>	<u>-</u>	<u>(2,281,624)</u>
Total governmental activities	<u>\$ 21,350,717</u>	<u>\$ 718,815</u>	<u>\$ 420,260</u>	<u>(20,211,642)</u>
General receipts:				
Property taxes				6,498,833
Other local sources				1,748,073
State aid				8,534,396
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				395,556
Sale of property, adjustments, and refunds				4,126
Investment earnings				<u>267,968</u>
Total general receipts				<u>18,948,952</u>
Change in net assets				(1,262,690)
Net assets - beginning				<u>7,615,702</u>
Net assets - ending				<u>\$ 6,353,012</u>
<u>Assets</u>				
Cash and investments				\$ 5,655,073
Restricted assets:				
Cash and investments				<u>697,939</u>
Total assets				<u>\$ 6,353,012</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 697,939
Unrestricted				<u>5,655,073</u>
Total net assets				<u>\$ 6,353,012</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction Wastewater Treatment	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 5,178,216	\$ 843,269	\$ 1,897,929	\$ 2,449,746	\$ 354,476	\$ 600	\$ 1,126,265	\$ 11,850,501
Intermediate sources	147	-	-	-	-	-	713	860
State sources	8,521,154	-	-	-	-	-	168,580	8,689,734
Federal sources	-	-	-	-	-	-	538,141	538,141
Bonds and loans	-	-	-	-	-	1,287,000	-	1,287,000
Sale of property, adjustments and refunds	2,998	1,472	-	-	-	-	2,550	7,020
<b>Total receipts</b>	<b>13,702,515</b>	<b>844,741</b>	<b>1,897,929</b>	<b>2,449,746</b>	<b>354,476</b>	<b>1,287,600</b>	<b>1,836,249</b>	<b>22,373,256</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	8,966,439	-	-	-	-	-	365,964	9,332,403
Support services	3,008,376	740,103	-	1,880,215	349,329	195,636	918,077	7,091,736
Community services	324,835	-	-	-	-	-	181	325,016
Nonprogrammed charges	161,009	-	-	-	-	-	-	161,009
Debt services	2,000,000	-	1,635,053	-	-	-	278,673	3,913,726
<b>Total disbursements</b>	<b>14,460,659</b>	<b>740,103</b>	<b>1,635,053</b>	<b>1,880,215</b>	<b>349,329</b>	<b>195,636</b>	<b>1,562,895</b>	<b>20,823,890</b>
Excess (deficiency) of receipts over disbursements	(758,144)	104,638	262,876	569,531	5,147	1,091,964	273,354	1,549,366
<b>Other financing sources (uses):</b>								
Transfers in	386,244	-	-	124,512	-	-	15,563	526,319
Transfers out	(810)	(200,000)	-	-	-	(124,512)	(200,997)	(526,319)
<b>Total other financing sources (uses)</b>	<b>385,434</b>	<b>(200,000)</b>	<b>-</b>	<b>124,512</b>	<b>-</b>	<b>(124,512)</b>	<b>(185,434)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(372,710)	(95,362)	262,876	694,043	5,147	967,452	87,920	1,549,366
Cash and investments - beginning	3,710,019	189,878	737,316	913,645	(51,258)	-	566,736	6,066,336
Cash and investments - ending	<u>\$ 3,337,309</u>	<u>\$ 94,516</u>	<u>\$ 1,000,192</u>	<u>\$ 1,607,688</u>	<u>\$ (46,111)</u>	<u>\$ 967,452</u>	<u>\$ 654,656</u>	<u>\$ 7,615,702</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 3,337,309	\$ 94,516	\$ -	\$ 1,607,688	\$ (46,111)	\$ 967,452	\$ 585,595	\$ 6,546,449
Restricted assets:								
Cash and investments	-	-	1,000,192	-	-	-	69,061	1,069,253
<b>Total cash and investment assets - ending</b>	<u>\$ 3,337,309</u>	<u>\$ 94,516</u>	<u>\$ 1,000,192</u>	<u>\$ 1,607,688</u>	<u>\$ (46,111)</u>	<u>\$ 967,452</u>	<u>\$ 654,656</u>	<u>\$ 7,615,702</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ 1,000,192	\$ -	\$ -	\$ -	\$ 69,061	\$ 1,069,253
Unrestricted	3,337,309	94,516	-	1,607,688	(46,111)	967,452	585,595	6,546,449
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,337,309</u>	<u>\$ 94,516</u>	<u>\$ 1,000,192</u>	<u>\$ 1,607,688</u>	<u>\$ (46,111)</u>	<u>\$ 967,452</u>	<u>\$ 654,656</u>	<u>\$ 7,615,702</u>

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

WESTERN SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction Wastewater Treatment	Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,785,133	\$ 681,463	\$ 1,659,739	\$ 1,639,458	\$ 323,932	\$ 66,851	\$ 14,024	\$ 1,062,714	\$ 9,233,314
Intermediate sources	147	-	-	-	-	-	-	225	372
State sources	8,594,608	-	-	333	-	-	-	174,696	8,769,637
Federal sources	-	-	-	-	-	-	-	580,578	580,578
Bonds and loans	-	-	-	-	-	-	1,500,000	-	1,500,000
Sale of property, adjustments and refunds	1,506	-	-	-	-	-	-	2,620	4,126
<b>Total receipts</b>	<b>12,381,394</b>	<b>681,463</b>	<b>1,659,739</b>	<b>1,639,791</b>	<b>323,932</b>	<b>66,851</b>	<b>1,514,024</b>	<b>1,820,833</b>	<b>20,088,027</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	9,237,048	-	-	-	-	-	-	446,511	9,683,559
Support services	3,266,274	807,868	-	2,295,619	205,288	1,128,875	220,689	907,237	8,831,850
Community services	367,644	-	-	-	-	-	-	-	367,644
Nonprogrammed charges	185,299	-	-	-	-	-	-	741	186,040
Debt services	-	-	2,002,730	-	-	-	-	278,894	2,281,624
<b>Total disbursements</b>	<b>13,056,265</b>	<b>807,868</b>	<b>2,002,730</b>	<b>2,295,619</b>	<b>205,288</b>	<b>1,128,875</b>	<b>220,689</b>	<b>1,633,383</b>	<b>21,350,717</b>
Excess (deficiency) of receipts over disbursements	(674,871)	(126,405)	(342,991)	(655,828)	118,644	(1,062,024)	1,293,335	187,450	(1,262,690)
<b>Other financing sources (uses):</b>									
Transfers in	34,285	302,067	-	-	-	94,572	-	20,533	451,457
Transfers out	(301,694)	-	(18,807)	-	-	-	(94,572)	(36,384)	(451,457)
<b>Total other financing sources (uses)</b>	<b>(267,409)</b>	<b>302,067</b>	<b>(18,807)</b>	<b>-</b>	<b>-</b>	<b>94,572</b>	<b>(94,572)</b>	<b>(15,851)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(942,280)	175,662	(361,798)	(655,828)	118,644	(967,452)	1,198,763	171,599	(1,262,690)
Cash and investments - beginning	3,337,309	94,516	1,000,192	1,607,688	(46,111)	967,452	-	654,656	7,615,702
Cash and investments - ending	\$ 2,395,029	\$ 270,178	\$ 638,394	\$ 951,860	\$ 72,533	\$ -	\$ 1,198,763	\$ 826,255	\$ 6,353,012
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 2,395,029	\$ 270,178	\$ -	\$ 951,860	\$ 72,533	\$ -	\$ 1,198,763	\$ 766,710	\$ 5,655,073
<b>Restricted assets:</b>									
Cash and investments	-	-	638,394	-	-	-	-	59,545	697,939
<b>Total cash and investment assets - ending</b>	<b>\$ 2,395,029</b>	<b>\$ 270,178</b>	<b>\$ 638,394</b>	<b>\$ 951,860</b>	<b>\$ 72,533</b>	<b>\$ -</b>	<b>\$ 1,198,763</b>	<b>\$ 826,255</b>	<b>\$ 6,353,012</b>
<b>Cash and Investment Fund Balance - Ending</b>									
<b>Restricted for:</b>									
Debt service	\$ -	\$ -	\$ 638,394	\$ -	\$ -	\$ -	\$ -	\$ 59,545	\$ 697,939
Unrestricted	2,395,029	270,178	-	951,860	72,533	-	1,198,763	766,710	5,655,073
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,395,029</b>	<b>\$ 270,178</b>	<b>\$ 638,394</b>	<b>\$ 951,860</b>	<b>\$ 72,533</b>	<b>\$ -</b>	<b>\$ 1,198,763</b>	<b>\$ 826,255</b>	<b>\$ 6,353,012</b>

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 203	
Deductions:		
Administrative and general	613	
Deficiency of total additions over total deductions	(410)	
Cash and investment fund balance - beginning	2,651	
Cash and investment fund balance - ending	\$ 2,241	\$ 208,779
Total net assets - cash and investment basis held in trust	\$ 2,241	

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

WESTERN SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 257	
Deductions:		
Administrative and general	444	
Deficiency of total additions over total deductions	(187)	
Cash and investment fund balance - beginning	2,241	
Cash and investment fund balance - ending	\$ 2,054	\$ 153,113
Total net assets - cash and investment basis held in trust	\$ 2,054	

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Western School Corporation

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

Joint Venture

The School Corporation is a participant with Eastern Howard School Corporation, Maconaquah School Corporation, Northern Community Schools of Tipton County, Northwestern School Corporation, Taylor Community Schools, Tipton Community Schools, and Kokomo Center Township Consolidated Schools in a joint venture to operate Kokomo Area Career Center which was created to provide instruction for vocational education students. Complete financial statements for the Kokomo Area Career Center can be obtained from Kokomo-Center Township Consolidated School Corporation.

The School Corporation is a participant with Eastern Howard School Corporation, Maconaquah School Corporation, Northern Community Schools of Tipton County, Northwestern School Corporation, Taylor Community Schools, Southeastern Community Schools, Clinton Central School Corporation, and Kokomo Center Township Consolidated Schools in a joint venture to operate Kokomo Area Special Education Cooperative which was created to provide instruction for handicapped children. Complete financial statements for the Kokomo Area Special Education Cooperative can be obtained from Kokomo-Center Township Consolidated 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

The School Corporation reports the following major governmental funds:

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

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

The 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 construction wastewater treatment plant fund is used to account for the proceeds of debt financing and the costs of constructing a new wastewater treatment plant.

The construction fund is used to account for the proceeds of debt financing and some of the costs associated with the building expansion and improvement project.

Additionally, the School Corporation reports the following fund types:

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

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

C. Measurement Focus and Basis of Accounting

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

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

4. Long-Term Debt

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, 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.

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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

WESTERN SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Improving Teacher Quality Enhanced Education	\$ -	\$ 395
School Bus Replacement	46,111	-
Wireless Internet	-	101

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
General Fund	Transportation Operating Fund	\$ -	\$ 300,000
General Fund	Other Governmental Funds	810	1,694
Transportation Operating Fund	General Fund	200,000	-
Construction Wastewater Treatment Fund	Capital Projects Fund	124,512	
Debt Service Fund	Other Governmental Funds	-	18,807
Construction Fund	Construction Wastewater Treatment Fund	-	94,572
Other Governmental Funds	General Fund	186,244	34,285
Other Governmental Funds	Transportation Operating Fund	-	2,067
Other Governmental Funds	Other Governmental Funds	14,753	32
Totals		<u>\$ 526,319</u>	<u>\$ 451,457</u>

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

IV. Other Information

A. Risk Management

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with Western School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$1,544,500.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 121,489
Interest on net pension obligation	(8,809)
Adjustment to annual required contribution	10,039
Annual pension cost	122,719
Contributions made	100,375
Increase in net pension obligation	22,344
Net pension obligation, beginning of year	(121,506)
Net pension obligation, end of year	\$ (99,162)

	PERF
Contribution rates:	
School Corporation	5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 72,283	125%	\$ (121,016)
	06-30-06	88,962	101%	(121,506)
	06-30-07	122,719	82%	(99,162)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation 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, 2008, 2007, and 2006, were \$297,284, \$238,023, and \$209,263, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

WESTERN 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)
07-01-05	\$ 2,159,489	\$ 2,109,057	\$ 50,432	102%	\$ 1,828,499	3%
07-01-06	2,102,600	2,201,159	(98,559)	96%	1,867,683	(5%)
07-01-07	2,348,099	2,595,840	(247,741)	90%	1,996,521	(12%)

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

	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plates	Alternative Education-05	Westag Grant
<b>Receipts:</b>						
Local sources	\$ 16,110	\$ 573,974	\$ 200,035	\$ 605	\$ -	\$ -
Intermediate sources	-	-	-	713	-	-
State sources	82,709	14,135	27,422	-	-	14,490
Federal sources	-	220,870	-	-	-	-
Sale of property, adjustments and refunds	-	-	2,550	-	-	-
<b>Total receipts</b>	<u>98,819</u>	<u>808,979</u>	<u>230,007</u>	<u>1,318</u>	<u>-</u>	<u>14,490</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	38,028	-	-	-	-	10,453
Support services	-	726,548	164,813	361	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>38,028</u>	<u>726,548</u>	<u>164,813</u>	<u>361</u>	<u>-</u>	<u>10,453</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>60,791</u>	<u>82,431</u>	<u>65,194</u>	<u>957</u>	<u>-</u>	<u>4,037</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	810
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>60,791</u>	<u>82,431</u>	<u>65,194</u>	<u>957</u>	<u>-</u>	<u>4,847</u>
<b>Cash and investments - beginning</b>	<u>84,042</u>	<u>201,430</u>	<u>(46,419)</u>	<u>608</u>	<u>2,866</u>	<u>(738)</u>
<b>Cash and investments - ending</b>	<u>\$ 144,833</u>	<u>\$ 283,861</u>	<u>\$ 18,775</u>	<u>\$ 1,565</u>	<u>\$ 2,866</u>	<u>\$ 4,109</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 144,833	\$ 283,861	\$ 18,775	\$ 1,565	\$ 2,866	\$ 4,109
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 144,833</u>	<u>\$ 283,861</u>	<u>\$ 18,775</u>	<u>\$ 1,565</u>	<u>\$ 2,866</u>	<u>\$ 4,109</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>144,833</u>	<u>283,861</u>	<u>18,775</u>	<u>1,565</u>	<u>2,866</u>	<u>4,109</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 144,833</u>	<u>\$ 283,861</u>	<u>\$ 18,775</u>	<u>\$ 1,565</u>	<u>\$ 2,866</u>	<u>\$ 4,109</u>

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

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

	Adult Continuing Education	Non-English Speaking Program	School Technology	Child Abuse Prevention	ECIA Title I	Title I 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 3,605	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	29,472	352	-	-	-	-
Federal sources	-	-	-	-	46,000	199,585
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>29,472</b>	<b>352</b>	<b>3,605</b>	<b>-</b>	<b>46,000</b>	<b>199,585</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	34,342	-	-	-	65,420	166,486
Support services	430	-	7,408	-	-	923
Community services	-	-	-	-	-	181
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>34,772</b>	<b>-</b>	<b>7,408</b>	<b>-</b>	<b>65,420</b>	<b>167,590</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(5,300)</b>	<b>352</b>	<b>(3,803)</b>	<b>-</b>	<b>(19,420)</b>	<b>31,995</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	3,690	10,830
Transfers out	-	-	-	-	(10,830)	(3,690)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,140)</b>	<b>7,140</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(5,300)</b>	<b>352</b>	<b>(3,803)</b>	<b>-</b>	<b>(26,560)</b>	<b>39,135</b>
Cash and investments - beginning	46,811	169	9,437	136	26,560	-
Cash and investments - ending	<u>\$ 41,511</u>	<u>\$ 521</u>	<u>\$ 5,634</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 39,135</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 41,511	\$ 521	\$ 5,634	\$ 136	\$ -	\$ 39,135
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 41,511</u>	<u>\$ 521</u>	<u>\$ 5,634</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 39,135</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	41,511	521	5,634	136	-	39,135
<b>Total cash and investment fund balance - ending</b>	<u>\$ 41,511</u>	<u>\$ 521</u>	<u>\$ 5,634</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 39,135</u>

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

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

	Title V 2004-2005	Title V 2005-2006	Title V 2006-2007	Drug Free Schools 05-06	Drug Free Schools Title IV	Eisenhower Grants
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	3,168	-	7,945	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,168</b>	<b>-</b>	<b>7,945</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	362	438	-
Support services	-	411	2,901	4,823	5,825	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>411</b>	<b>2,901</b>	<b>5,185</b>	<b>6,263</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(411)	267	(5,185)	1,682	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	47	79	107	-
Transfers out	(16)	(31)	-	(107)	(79)	(136)
<b>Total other financing sources (uses)</b>	<b>(16)</b>	<b>(31)</b>	<b>47</b>	<b>(28)</b>	<b>28</b>	<b>(136)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16)	(442)	314	(5,213)	1,710	(136)
Cash and investments - beginning	16	442	-	5,213	-	877
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 741</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 314	\$ -	\$ 1,710	\$ 741
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 741</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	314	-	1,710	741
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 741</u>

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

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

	Improving Teacher Quality	Improving Teacher Quality Enhanced Education	English Proficiency Migrant	Retirement Severance Bond	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 331,936	\$ 1,126,265
Intermediate sources	-	-	-	-	713
State sources	-	-	-	-	168,580
Federal sources	52,217	3,754	4,602	-	538,141
Sale of property, adjustments and refunds	-	-	-	-	2,550
<b>Total receipts</b>	<b>52,217</b>	<b>3,754</b>	<b>4,602</b>	<b>331,936</b>	<b>1,836,249</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	48,486	-	1,949	-	365,964
Support services	-	1,659	1,975	-	918,077
Community services	-	-	-	-	181
Debt services	-	-	-	278,673	278,673
<b>Total disbursements</b>	<b>48,486</b>	<b>1,659</b>	<b>3,924</b>	<b>278,673</b>	<b>1,562,895</b>
Excess (deficiency) of receipts over disbursements	3,731	2,095	678	53,263	273,354
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	15,563
Transfers out	-	-	-	(186,108)	(200,997)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(186,108)</b>	<b>(185,434)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,731	2,095	678	(132,845)	87,920
Cash and investments - beginning	27,779	3,127	2,474	201,906	566,736
Cash and investments - ending	<u>\$ 31,510</u>	<u>\$ 5,222</u>	<u>\$ 3,152</u>	<u>\$ 69,061</u>	<u>\$ 654,656</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 31,510	\$ 5,222	\$ 3,152	\$ -	\$ 585,595
Restricted assets:					
Cash and investments	-	-	-	69,061	69,061
<b>Total cash and investment assets - ending</b>	<b><u>\$ 31,510</u></b>	<b><u>\$ 5,222</u></b>	<b><u>\$ 3,152</u></b>	<b><u>\$ 69,061</u></b>	<b><u>\$ 654,656</u></b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 69,061	\$ 69,061
Unrestricted	31,510	5,222	3,152	-	585,595
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 31,510</u></b>	<b><u>\$ 5,222</u></b>	<b><u>\$ 3,152</u></b>	<b><u>\$ 69,061</u></b>	<b><u>\$ 654,656</u></b>

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

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plates	Alternative Education-05	Westag Grant
<b>Receipts:</b>						
Local sources	\$ 11,166	\$ 589,218	\$ 192,502	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	225	-	-
State sources	67,632	14,090	56,532	-	-	36,442
Federal sources	-	252,985	-	-	-	-
Sale of property, adjustments and refunds	-	686	1,934	-	-	-
<b>Total receipts</b>	<u>78,798</u>	<u>856,979</u>	<u>250,968</u>	<u>225</u>	<u>-</u>	<u>36,442</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	58,920	-	-	-	-	11,557
Support services	-	790,086	100,419	1,565	-	368
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>58,920</u>	<u>790,086</u>	<u>100,419</u>	<u>1,565</u>	<u>-</u>	<u>11,925</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>19,878</u>	<u>66,893</u>	<u>150,549</u>	<u>(1,340)</u>	<u>-</u>	<u>24,517</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	18,807	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>18,807</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>19,878</u>	<u>66,893</u>	<u>169,356</u>	<u>(1,340)</u>	<u>-</u>	<u>24,517</u>
<b>Cash and investments - beginning</b>	<u>144,833</u>	<u>283,861</u>	<u>18,775</u>	<u>1,565</u>	<u>2,866</u>	<u>4,109</u>
<b>Cash and investments - ending</b>	<u>\$ 164,711</u>	<u>\$ 350,754</u>	<u>\$ 188,131</u>	<u>\$ 225</u>	<u>\$ 2,866</u>	<u>\$ 28,626</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 164,711	\$ 350,754	\$ 188,131	\$ 225	\$ 2,866	\$ 28,626
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 164,711</u>	<u>\$ 350,754</u>	<u>\$ 188,131</u>	<u>\$ 225</u>	<u>\$ 2,866</u>	<u>\$ 28,626</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	164,711	350,754	188,131	225	2,866	28,626
<b>Total cash and investment fund balance - ending</b>	<u>\$ 164,711</u>	<u>\$ 350,754</u>	<u>\$ 188,131</u>	<u>\$ 225</u>	<u>\$ 2,866</u>	<u>\$ 28,626</u>

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

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Adult Continuing Education	Non-English Speaking Program	School Technology	The Buddy Project	Child Abuse Prevention	Title I 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	500	-	11,365
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>500</b>	<b>-</b>	<b>11,365</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	7,226	-	-	-	-	48,994
Support services	-	-	757	-	-	1,474
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,226</b>	<b>-</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>50,468</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(7,226)</b>	<b>-</b>	<b>(307)</b>	<b>500</b>	<b>-</b>	<b>(39,103)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(34,285)	-	-	-	-	(32)
<b>Total other financing sources (uses)</b>	<b>(34,285)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(41,511)</b>	<b>-</b>	<b>(307)</b>	<b>500</b>	<b>-</b>	<b>(39,135)</b>
Cash and investments - beginning	41,511	521	5,634	-	136	39,135
Cash and investments - ending	\$ -	\$ 521	\$ 5,327	\$ 500	\$ 136	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 521	\$ 5,327	\$ 500	\$ 136	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 521</b>	<b>\$ 5,327</b>	<b>\$ 500</b>	<b>\$ 136</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	521	5,327	500	136	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 521</b>	<b>\$ 5,327</b>	<b>\$ 500</b>	<b>\$ 136</b>	<b>\$ -</b>

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

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title I	Title V 2006-2007	Innovative Education	Drug Free Schools	Drug Free Schools Title IV	Eisenhower Grants
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	247,431	-	3,167	6,625	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>247,431</u>	<u>-</u>	<u>3,167</u>	<u>6,625</u>	<u>-</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	239,389	-	-	-	242	-
Support services	461	314	1,843	155	3,162	-
Nonprogrammed charges	-	-	-	-	-	741
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>239,850</u>	<u>314</u>	<u>1,843</u>	<u>155</u>	<u>3,404</u>	<u>741</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>7,581</u>	<u>(314)</u>	<u>1,324</u>	<u>6,470</u>	<u>(3,404)</u>	<u>(741)</u>
<b>Other financing sources (uses):</b>						
Transfers in	32	-	-	-	1,694	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,694</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>7,613</u>	<u>(314)</u>	<u>1,324</u>	<u>6,470</u>	<u>(1,710)</u>	<u>(741)</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>1,710</u>	<u>741</u>
<b>Cash and investments - ending</b>	<u>\$ 7,613</u>	<u>\$ -</u>	<u>\$ 1,324</u>	<u>\$ 6,470</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 7,613	\$ -	\$ 1,324	\$ 6,470	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 7,613</u>	<u>\$ -</u>	<u>\$ 1,324</u>	<u>\$ 6,470</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,613	-	1,324	6,470	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 7,613</u>	<u>\$ -</u>	<u>\$ 1,324</u>	<u>\$ 6,470</u>	<u>\$ -</u>	<u>\$ -</u>

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

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Improving Teacher Quality	Improving Teacher Quality Enhanced Education	English Proficiency Migrant	Retirement Severance Bond	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 269,378	\$ 1,062,714
Intermediate sources	-	-	-	-	225
State sources	-	-	-	-	174,696
Federal sources	51,702	-	6,803	-	580,578
Sale of property, adjustments and refunds	-	-	-	-	2,620
<b>Total receipts</b>	<u>51,702</u>	<u>-</u>	<u>6,803</u>	<u>269,378</u>	<u>1,820,833</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	80,104	-	79	-	446,511
Support services	87	3,548	2,998	-	907,237
Nonprogrammed charges	-	-	-	-	741
Debt services	-	-	-	278,894	278,894
<b>Total disbursements</b>	<u>80,191</u>	<u>3,548</u>	<u>3,077</u>	<u>278,894</u>	<u>1,633,383</u>
Excess (deficiency) of receipts over disbursements	<u>(28,489)</u>	<u>(3,548)</u>	<u>3,726</u>	<u>(9,516)</u>	<u>187,450</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	20,533
Transfers out	-	(2,067)	-	-	(36,384)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(2,067)</u>	<u>-</u>	<u>-</u>	<u>(15,851)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(28,489)</u>	<u>(5,615)</u>	<u>3,726</u>	<u>(9,516)</u>	<u>171,599</u>
Cash and investments - beginning	<u>31,510</u>	<u>5,222</u>	<u>3,152</u>	<u>69,061</u>	<u>654,656</u>
Cash and investments - ending	<u>\$ 3,021</u>	<u>\$ (393)</u>	<u>\$ 6,878</u>	<u>\$ 59,545</u>	<u>\$ 826,255</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 3,021	\$ (393)	\$ 6,878	\$ -	\$ 766,710
Restricted assets:					
Cash and investments	-	-	-	59,545	59,545
<b>Total cash and investment assets - ending</b>	<u>\$ 3,021</u>	<u>\$ (393)</u>	<u>\$ 6,878</u>	<u>\$ 59,545</u>	<u>\$ 826,255</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 59,545	\$ 59,545
Unrestricted	<u>3,021</u>	<u>(393)</u>	<u>6,878</u>	<u>-</u>	<u>766,710</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,021</u>	<u>\$ (393)</u>	<u>\$ 6,878</u>	<u>\$ 59,545</u>	<u>\$ 826,255</u>

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

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

	<u>Corporation Extra-Curricular</u>	<u>Dean Resler Memorial</u>	<u>Western Wishing Well</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 128	\$ -	\$ 75	\$ 203
Deductions:				
Administrative and general	<u>434</u>	<u>60</u>	<u>119</u>	<u>613</u>
Deficiency of total additions over total deductions	(306)	(60)	(44)	(410)
Cash and investment fund balance - beginning	<u>1,053</u>	<u>730</u>	<u>868</u>	<u>2,651</u>
Cash and Investments - June 30	<u>\$ 747</u>	<u>\$ 670</u>	<u>\$ 824</u>	<u>\$ 2,241</u>
Net assets:				
Cash and investments	<u>\$ 747</u>	<u>\$ 670</u>	<u>\$ 824</u>	<u>\$ 2,241</u>
Total net assets - cash and investment basis held in trust	<u>\$ 747</u>	<u>\$ 670</u>	<u>\$ 824</u>	<u>\$ 2,241</u>

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	<u>Corporation Extra-Curricular</u>	<u>Dean Resler Memorial</u>	<u>Western Wishing Well</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 131	\$ -	\$ 126	\$ 257
Deductions:				
Administrative and general	<u>280</u>	<u>73</u>	<u>91</u>	<u>444</u>
Excess (deficiency) of total additions over total deductions	(149)	(73)	35	(187)
Cash and investment fund balance - beginning	<u>747</u>	<u>670</u>	<u>824</u>	<u>2,241</u>
Cash and Investments - June 30	<u>\$ 598</u>	<u>\$ 597</u>	<u>\$ 859</u>	<u>\$ 2,054</u>
Net assets:				
Cash and investments	<u>\$ 598</u>	<u>\$ 597</u>	<u>\$ 859</u>	<u>\$ 2,054</u>
Total net assets - cash and investment basis held in trust	<u>\$ 598</u>	<u>\$ 597</u>	<u>\$ 859</u>	<u>\$ 2,054</u>

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007

	State Tax Withholding	County Tax Withholding	Teachers Retirement	PERF	Group Insurance	Annuities
Cash and investment fund balance - ending	\$ 26,606	\$ 7,283	\$ 206	\$ 14,983	\$ 145,170	\$ 917

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	<u>Credit Union</u>	<u>Section 125</u>	<u>Cancer Insurance</u>	<u>Voluntary PERF Deductions</u>	<u>Voluntary TERF Deductions</u>	<u>Totals</u>
Cash and investment fund balance - ending	<u>\$ 50</u>	<u>\$ 2,988</u>	<u>\$ 5,826</u>	<u>\$ 3,440</u>	<u>\$ 1,310</u>	<u>\$ 208,779</u>

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008

	Social Security Withholding	State Tax Withholding	County Tax Withholding	Teachers Retirement	PERF	Group Insurance	Annuities	Credit Union
Cash and investment fund balance - ending	<u>\$ 3</u>	<u>\$ 29,915</u>	<u>\$ 13,202</u>	<u>\$ 106</u>	<u>\$ 16,152</u>	<u>\$ 66,511</u>	<u>\$ 917</u>	<u>\$ 50</u>

WESTERN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>Cancer Insurance</u>	<u>Voluntary PERF Deductions</u>	<u>Voluntary TERF Deductions</u>	<u>Flu Shots</u>	<u>Wireless Internet</u>	<u>Medical Reimbursement Certified</u>	<u>Totals</u>
Cash and investment fund balance - ending	<u>\$ 3,962</u>	<u>\$ 16,760</u>	<u>\$ 4,241</u>	<u>\$ 1,348</u>	<u>\$ (101)</u>	<u>\$ 47</u>	<u>\$ 153,113</u>

WESTERN SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Building	\$ 9,510,000	\$ 1,545,500
School Building Additions and Improvements	19,500,000	820,000
Bonds payable:		
General obligation bonds:		
Retirement/Severance	2,310,000	278,225
Wastewater Treatment Plant	<u>890,000</u>	<u>466,530</u>
Total governmental activities debt	<u>\$ 32,210,000</u>	<u>\$ 3,110,255</u>

WESTERN SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS (Applies to Western Intermediate School and Western High School)

Depository reconciliations of the fund balances to the bank account balances were not presented for audit by the Intermediate School. The High School presented reconcilements for audit which showed an unidentified difference that varied from month to month.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

OLD OUTSTANDING CHECKS (WARRANTS) (Applies to Western Intermediate School and Western High School)

We noted outstanding checks during our review of the depository reconcilements that were more than two years old.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

WESTERN SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

INTEREST ON PASSBOOK SAVINGS (Applies to Western Intermediate School)

Interest earned on a passbook savings account has not been posted to the extra-curricular ledger since April 2, 2006.

Interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a current inventory or record of capital assets using Form 369.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WESTERN SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

Compliance

We have audited the compliance of the Western 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, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 4, 2009

WESTERN SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 21,865	\$ 31,508
National School Lunch Program	10.555		<u>234,966</u>	<u>254,321</u>
Total for federal grantor agency			<u>256,831</u>	<u>285,829</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		06-3490	65,420	-
		07-3490	167,591	50,467
		08-3490	<u>-</u>	<u>239,850</u>
Total for program			<u>233,011</u>	<u>290,317</u>
Safe and Drug Free Schools and Communities - State Grants				
	84.186			
		05-089	5,292	-
		3490-06	6,263	3,404
		3490-07	<u>-</u>	<u>155</u>
Total for program			<u>11,555</u>	<u>3,559</u>
State Grants for Innovative Programs				
	84.298			
		05-072	411	-
		06-3490	2,901	314
		07-3490	<u>-</u>	<u>1,843</u>
Total for program			<u>3,312</u>	<u>2,157</u>
Education Technology State Grants	84.318	S318X050014	<u>1,659</u>	<u>5,616</u>
Improving Teacher Quality State Grant	84.367	06/07-3490	<u>48,486</u>	<u>80,188</u>
Total for federal grantor agency			<u>298,023</u>	<u>381,837</u>
Total federal awards expended			<u>\$ 554,854</u>	<u>\$ 667,666</u>

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

WESTERN SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Western 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 Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2006-2007	2007-2008
National School Lunch Program	10.555	\$ 35,961	\$ 32,844

WESTERN 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  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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 are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WESTERN SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

No matters are reportable.

WESTERN SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 16, 2009, with Dr. Peter O'Rourke, Superintendent of Schools; Pam Carter, Treasurer; and J. Conrad Mougans, School Board President. The officials concurred with our audit findings.