

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

AUDIT REPORT
OF
WEST WASHINGTON SCHOOL CORPORATION
WASHINGTON COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
03/02/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry L. Nesmith Barbara N. Davis	07-01-08 to 10-30-09 10-31-09 to 06-30-11
Superintendent of Schools	Gerald W. Jackson	07-01-08 to 07-31-13
President of the School Board	Rick D. Roberts	07-01-08 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WEST WASHINGTON SCHOOL
CORPORATION, WASHINGTON COUNTY, INDIANA

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 13, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 13, 2011



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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 WEST WASHINGTON SCHOOL
CORPORATION, WASHINGTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Washington School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 13, 2011. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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.

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)

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. However, of the significant deficiency described above, we consider item 2010-1 to be a material weakness.

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 did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of the School Corporation's management, the West Washington 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

January 13, 2011

WEST WASHINGTON SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,282,581	\$ -	\$ 943,421	\$ (3,339,160)
Support services	2,940,395	209,584	203,896	(2,526,915)
Noninstructional services	530,319	-	-	(530,319)
Facilities acquisition and construction	201,925	-	-	(201,925)
Debt service	1,281,723	-	-	(1,281,723)
Nonprogrammed charges	589,437	-	-	(589,437)
Total governmental activities	<u>\$ 9,826,380</u>	<u>\$ 209,584</u>	<u>\$ 1,147,317</u>	<u>(8,469,479)</u>
General receipts:				
Property taxes				4,221,211
Other local sources				174,113
State aid				5,512,374
Sale of property				443
Investment earnings				25,222
Total general receipts				<u>9,933,363</u>
Change in net assets				1,463,884
Net assets - beginning				<u>1,571,796</u>
Net assets - ending				<u>\$ 3,035,680</u>
<u>Assets</u>				
Cash and investments				<u>\$ 3,035,680</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 3,035,680</u>

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

WEST WASHINGTON SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

Functions/Programs	Disbursements	Program Receipts		Totals	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 4,491,131	\$ -	\$ 613,592	\$ (3,877,539)	
Support services	3,143,572	183,285	283,719	(2,676,568)	
Noninstructional services	539,863	-	-	(539,863)	
Facilities acquisition and construction	345,382	-	-	(345,382)	
Debt service	1,256,591	-	-	(1,256,591)	
Nonprogrammed charges	678,993	-	-	(678,993)	
Total governmental activities	\$ 10,455,532	\$ 183,285	\$ 897,311	(9,374,936)	
General receipts:					
Property taxes				4,300,694	
Other local sources				98,199	
State aid				6,605,346	
Investment earnings				37,762	
Other				5,660	
Total general receipts and transfers				11,047,661	
Change in net assets				1,672,725	
Net assets - beginning				3,035,680	
Net assets - ending				\$ 4,708,405	
Assets					
Cash and investments				\$ 4,198,364	
Restricted assets:					
Cash and investments				510,041	
Total assets				\$ 4,708,405	
Net Assets					
Restricted for:					
Debt service				\$ 510,041	
Unrestricted				4,198,364	
Total net assets				\$ 4,708,405	

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

WEST WASHINGTON 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, 2009

	General	Rainy Day Fund	Fiscal Stabilization	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 1,851,609	\$ -	\$ -	\$ 1,113,924	\$ 1,664,597	\$ 4,630,130
State sources	5,404,826	-	-	-	107,548	5,512,374
Federal sources	-	-	565,007	-	582,310	1,147,317
Interfund loans	588,786	-	-	-	-	588,786
Total receipts	7,845,221	-	565,007	1,113,924	2,354,455	11,878,607
Disbursements:						
Current:						
Instruction	3,839,696	-	129,467	-	313,418	4,282,581
Support services	1,736,430	-	42,909	-	1,161,056	2,940,395
Noninstructional services	114,805	-	3,508	-	412,006	530,319
Facilities acquisition and construction	-	-	-	-	201,925	201,925
Debt services	-	-	-	1,055,035	226,688	1,281,723
Nonprogrammed charges	539,051	-	-	-	50,386	589,437
Interfund loans	-	-	-	153,349	435,437	588,786
Total disbursements	6,229,982	-	175,884	1,208,384	2,800,916	10,415,166
Excess (deficiency) of receipts over disbursements	1,615,239	-	389,123	(94,460)	(446,461)	1,463,441
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	443	443
Transfers in	28,760	-	-	-	204,692	233,452
Transfers out	(33,629)	-	-	(80,110)	(119,713)	(233,452)
Total other financing sources (uses)	(4,869)	-	-	(80,110)	85,422	443
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,610,370	-	389,123	(174,570)	(361,039)	1,463,884
Cash and investments - beginning	996,977	500,000	-	-	74,819	1,571,796
Cash and investments - ending	<u>\$ 2,607,347</u>	<u>\$ 500,000</u>	<u>\$ 389,123</u>	<u>\$ (174,570)</u>	<u>\$ (286,220)</u>	<u>\$ 3,035,680</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 2,607,347</u>	<u>\$ 500,000</u>	<u>\$ 389,123</u>	<u>\$ (174,570)</u>	<u>\$ (286,220)</u>	<u>\$ 3,035,680</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 2,607,347</u>	<u>\$ 500,000</u>	<u>\$ 389,123</u>	<u>\$ (174,570)</u>	<u>\$ (286,220)</u>	<u>\$ 3,035,680</u>

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

WEST WASHINGTON 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, 2010

	General	Rainy Day Fund	Fiscal Stabilization	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 239,607	\$ -	\$ -	\$ 1,567,503	\$ 2,812,830	\$ 4,619,940
State sources	6,537,615	-	-	-	67,731	6,605,346
Federal sources	28	-	178,462	-	718,821	897,311
Other	5,660	-	-	-	-	5,660
Total receipts	6,782,910	-	178,462	1,567,503	3,599,382	12,128,257
Disbursements:						
Current:						
Instruction	3,602,181	-	468,241	-	420,709	4,491,131
Support services	1,878,933	31,866	92,964	-	1,139,809	3,143,572
Noninstructional services	142,980	-	6,380	-	390,503	539,863
Facilities acquisition and construction	-	-	-	-	345,382	345,382
Debt services	-	-	-	1,030,351	226,240	1,256,591
Nonprogrammed charges	556,847	110,153	-	-	11,993	678,993
Total disbursements	6,180,941	142,019	567,585	1,030,351	2,534,636	10,455,532
Excess (deficiency) of receipts over disbursements	601,969	(142,019)	(389,123)	537,152	1,064,746	1,672,725
Other financing sources (uses):						
Transfers in	-	-	-	35,737	99,467	135,204
Transfers out	(110,230)	-	-	-	(24,974)	(135,204)
Total other financing sources (uses)	(110,230)	-	-	35,737	74,493	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	491,739	(142,019)	(389,123)	572,889	1,139,239	1,672,725
Cash and investments - beginning	2,607,347	500,000	389,123	(174,570)	(286,220)	3,035,680
Cash and investments - ending	\$ 3,099,086	\$ 357,981	\$ -	\$ 398,319	\$ 853,019	\$ 4,708,405
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 3,099,086	\$ 357,981	\$ -	\$ -	\$ 741,297	\$ 4,198,364
Restricted assets:						
Cash and investments	-	-	-	398,319	111,722	510,041
Total cash and investment assets - ending	\$ 3,099,086	\$ 357,981	\$ -	\$ 398,319	\$ 853,019	\$ 4,708,405
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 398,319	\$ 111,722	\$ 510,041
Unrestricted	3,099,086	357,981	-	-	741,297	4,198,364
Total cash and investment fund balance - ending	\$ 3,099,086	\$ 357,981	\$ -	\$ 398,319	\$ 853,019	\$ 4,708,405

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

WEST WASHINGTON SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions	\$ -	\$ 15,395
Deductions:		
Benefits	100,695	-
Administrative and general	<u>-</u>	<u>25,233</u>
Total deductions	<u>100,695</u>	<u>25,233</u>
Deficiency of total additions over total deductions	(100,695)	(9,838)
Cash and investment fund balance - beginning	<u>337,592</u>	<u>16,938</u>
Cash and investment fund balance - ending	<u>\$ 236,897</u>	<u>\$ 7,100</u>
Net assets:		
Cash and investments	<u>\$ 236,897</u>	<u>\$ 7,100</u>
Total net assets - cash and investment basis held in trust	<u>\$ 236,897</u>	<u>\$ 7,100</u>

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

WEST WASHINGTON SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions	\$ 110,153	\$ 6,861
Deductions:		
Benefits	215,864	-
Administrative and general	<u>-</u>	<u>3,700</u>
Total deductions	<u>215,864</u>	<u>3,700</u>
Excess (deficiency) of total additions over total deductions	(105,711)	3,161
Cash and investment fund balance - beginning	<u>236,897</u>	<u>7,100</u>
Cash and investment fund balance - ending	<u>\$ 131,186</u>	<u>\$ 10,261</u>
Net assets:		
Cash and investments	<u>\$ 131,186</u>	<u>\$ 10,261</u>
Total net assets - cash and investment basis held in trust	<u>\$ 131,186</u>	<u>\$ 10,261</u>

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

WEST 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: West Washington 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 Ventures

The School Corporation is a participant with Paoli Community School Corporation and Springs Valley Community School Corporation in a joint venture to operate Lost River Career Cooperative, which was created to establish and maintain an area vocational school. The School Corporation is obligated by contract to remit a percentage of the Cooperatives operating budget annually to supplement the Cooperative. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Lost River Career Cooperative can be obtained from the joint venture's administrative office at 600 Elm Street, Suite 1, Paoli, IN 47454.

The School Corporation is a participant with Crawford County Community Schools, East Washington School Corporation, Paoli Community Schools, Salem Community Schools, and Springs Valley School Corporation in a joint venture to operate South Central Area Special Education Cooperative (Co-op), which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit a percentage of the Co-op's operating budget annually to supplement Co-op. The Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the South Central Area Special Education Cooperative can be obtained from the joint venture's administrative office at 600 Elm Street, Suite 2, Paoli, IN 47454.

The School Corporation is a participant with 23 other schools in a joint venture to operate the Southern Indiana Education Interlocal, which was created to provide services and supplies. The Southern Indiana Education Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Southern Indiana Education Interlocal can be obtained from the joint venture's administrative office at 1102 Tree Lane Road, Jasper, IN 47546.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the board of another organization, but the School Corporation's accountability for this organization does not extend beyond making the appointments. The School Corporation appoints a board member of the Washington County Community Foundation.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, 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 rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The fiscal stabilization (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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.

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust funds report trust arrangements under which the principal and income benefit the students and teachers.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to debt repayment agreements.

2. Cash and Investments

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

3. Property Taxes

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

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental 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 funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. 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.

F. Internal and Interfund Activities

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

Fund Financial Statements

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

WEST WASHINGTON SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied 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. Disbursements in Excess of Appropriations

For the years ended December 31, 2008 and 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2009	2010
Special Education Preschool	\$ <u>13,921</u>	\$ <u>34,794</u>

These disbursements were funded by available fund balances in each of the funds listed.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Cash and Investment Balance Deficits

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

Fund	2009	2010
Debt Service	\$ 174,570	\$ -
Retirement/Severance Bond Debt	224,953	-
Transportation Operating	188,541	-
School Bus Replacement	50,026	39,322
Special Education Preschool	32,441	-
School Lunch	-	14,598
Textbook Rental	84,789	107,575
Title I 08/09	-	363
Title II Part A, 08/09	-	2,529
Title II D - Technology	-	9,032

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

III. Detailed Notes on All Funds

A. Deposits

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. At June 30, 2010, the School Corporation had deposit balances in the amount of \$5,154,502. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

Transfer From	Transfer To	2009	2010
General Fund	Debt Service Fund	\$ -	\$ 35,736
	Other Governmental Funds	33,629	74,494
Debt Service Fund	Other Governmental Funds	80,110	-
	General Fund	28,760	-
Other Governmental Funds	Other Governmental Funds	90,953	24,974
Totals		<u>\$ 233,452</u>	<u>\$ 135,204</u>

The School Corporation typically uses transfers for carry-over of unexpended grant funds at the end of the grant period and cash flow purposes as provided by various statutory provisions.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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 risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with West Washington Community 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. Lease payments during the audit period totaled \$883,142.

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

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$77,433.

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

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2009, and 2010, were \$114,608, \$109,873, and \$113,916, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

West Washington School Corporation 401(a) Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by the Metropolitan Life Insurance Company (Metlife) as authorized by Section 401(a) of the Internal Revenue Code of 1986. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166

Funding Policy

The contribution requirements of the School Corporation are established by the written agreement between the School Corporation and the Plan Administrator. The School Corporation is required to contribute 1.2% of each bargaining unit member's base salary. For the year ended June 30, 2010, employer contributions to the plan were \$42,896.

D. Other Postemployment Benefits

In addition to the pension benefits described above, the School Corporation sets aside monies in a Welfare Benefits Account (WBA). The School Corporation contributes six-tenths of one percent (.6%) of each employee's contract salary in effect for that school year. On or after attaining the age of fifty-seven (57) and signing a sixth consecutive contract, a retired employee may use the amounts held in his/her WBA account to pay for various insurance premiums and to be reimbursed for unreimbursed medical expenses of the retirees and their dependents. Disbursements for those other postemployment benefits are recognized on a pay-as-you go basis. During the year ended June 30, 2010, disbursements of \$21,448 were other recognized for postemployment benefits.

WEST WASHINGTON 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 742,828	\$ 973,810	\$ (230,982)	76%	\$ 767,598	(30%)
07-01-08	871,691	1,112,206	(240,515)	78%	814,765	(30%)
07-01-09	983,994	1,325,996	(342,002)	74%	946,887	(36%)

WEST WASHINGTON 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, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Donation Fund	IDEM Playground Grant
Receipts:						
Local sources	\$ 573,048	\$ 3,977	\$ 158,971	\$ 50,613	\$ 500	\$ -
State sources	-	35,575	7,263	30,090	-	5,000
Federal sources	-	-	197,572	-	-	-
Total receipts	<u>573,048</u>	<u>39,552</u>	<u>363,806</u>	<u>80,703</u>	<u>500</u>	<u>5,000</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	5,000
Support services	554,959	47	-	114,054	-	-
Noninstructional services	-	-	409,497	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	50,386	-	-	-	-
Interfund loans	235,553	21,560	-	51,368	-	-
Total disbursements	<u>790,512</u>	<u>71,993</u>	<u>409,497</u>	<u>165,422</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of receipts over disbursements	<u>(217,464)</u>	<u>(32,441)</u>	<u>(45,691)</u>	<u>(84,719)</u>	<u>500</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	443	-	-	-	-	-
Transfers in	28,480	-	33,629	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>28,923</u>	<u>-</u>	<u>33,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(188,541)</u>	<u>(32,441)</u>	<u>(12,062)</u>	<u>(84,719)</u>	<u>500</u>	<u>-</u>
Cash and investments - beginning	-	-	16,201	(70)	-	-
Cash and investments - ending	<u>\$ (188,541)</u>	<u>\$ (32,441)</u>	<u>\$ 4,139</u>	<u>\$ (84,789)</u>	<u>\$ 500</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (188,541)</u>	<u>\$ (32,441)</u>	<u>\$ 4,139</u>	<u>\$ (84,789)</u>	<u>\$ 500</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (188,541)</u>	<u>\$ (32,441)</u>	<u>\$ 4,139</u>	<u>\$ (84,789)</u>	<u>\$ 500</u>	<u>\$ -</u>

WEST WASHINGTON 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, 2009
 (Continued)

	Education License Plates	07/08 Gifted/Talented	08/09 Gifted/Talented	Medicare Reimbursement State	Non-English Speaking Program	Washington County Fund for Educators
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	225	-	29,395	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	225	-	29,395	-	-	-
Disbursements:						
Current:						
Instruction	-	1,085	28,306	-	-	112
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	1,085	28,306	-	-	112
Excess (deficiency) of receipts over disbursements	225	(1,085)	1,089	-	-	(112)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	225	(1,085)	1,089	-	-	(112)
Cash and investments - beginning	1,944	1,085	-	10,100	376	142
Cash and investments - ending	<u>\$ 2,169</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 2,169</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 2,169</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>

WEST WASHINGTON 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, 2009
 (Continued)

	08/09 Washington County Foundation	Title I 07/08	Title I 08/09	Title V Library	Drug Free 07/08	Drug Free 08/09
Receipts:						
Local sources	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	188	288,537	220	2,253	3,851
Total receipts	250	188	288,537	220	2,253	3,851
Disbursements:						
Current:						
Instruction	250	13,267	205,327	-	-	-
Support services	-	372	35,989	821	1,101	3,305
Noninstructional services	-	-	2,509	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	1,152	-
Total disbursements	250	13,639	243,825	821	2,253	3,305
Excess (deficiency) of receipts over disbursements	-	(13,451)	44,712	(601)	-	546
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	984	-	-	-
Transfers out	-	(984)	-	-	-	-
Total other financing sources (uses)	-	(984)	984	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,435)	45,696	(601)	-	546
Cash and investments - beginning	-	14,435	-	821	-	-
Cash and investments - ending	\$ -	\$ -	\$ 45,696	\$ 220	\$ -	\$ 546
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 45,696	\$ 220	\$ -	\$ 546
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 45,696	\$ 220	\$ -	\$ 546

WEST WASHINGTON 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, 2009
 (Continued)

	Medicare Reimbursement Federal	Title II Part A, 06/07	Title II Part A, 07/08	Grants to LEAs (Stimulus)	Coke Fund	WHAS Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,599
State sources	-	-	-	-	-	-
Federal sources	-	-	62,247	27,442	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>62,247</u>	<u>27,442</u>	<u>-</u>	<u>26,599</u>
Disbursements:						
Current:						
Instruction	-	9,282	50,789	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>9,282</u>	<u>50,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(9,282)</u>	<u>11,458</u>	<u>27,442</u>	<u>-</u>	<u>26,599</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(26,599)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,599)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(9,282)</u>	<u>11,458</u>	<u>27,442</u>	<u>-</u>	<u>-</u>
Cash and investments - beginning	<u>13,613</u>	<u>9,282</u>	<u>-</u>	<u>-</u>	<u>602</u>	<u>-</u>
Cash and investments - ending	<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ 27,442</u>	<u>\$ 602</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ 27,442</u>	<u>\$ 602</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 13,613</u>	<u>\$ -</u>	<u>\$ 11,458</u>	<u>\$ 27,442</u>	<u>\$ 602</u>	<u>\$ -</u>

WEST WASHINGTON 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, 2009
 (Continued)

	07/08 CAPE Specialist	08/09 CAPE Specialist	Retirement/ Severance Bond Debt	Capital Projects	School Bus Replacement	Totals
Receipts:						
Local sources	\$ 10,000	\$ 21,500	\$ 204,609	\$ 509,265	\$ 105,265	\$ 1,664,597
State sources	-	-	-	-	-	107,548
Federal sources	-	-	-	-	-	582,310
Total receipts	10,000	21,500	204,609	509,265	105,265	2,354,455
Disbursements:						
Current:						
Instruction	-	-	-	-	-	313,418
Support services	5,188	21,500	-	272,695	151,025	1,161,056
Noninstructional services	-	-	-	-	-	412,006
Facilities acquisition and construction	-	-	-	201,925	-	201,925
Debt services	-	-	226,688	-	-	226,688
Nonprogrammed charges	-	-	-	-	-	50,386
Interfund loans	4,812	-	120,992	-	-	435,437
Total disbursements	10,000	21,500	347,680	474,620	151,025	2,800,916
Excess (deficiency) of receipts over disbursements	-	-	(143,071)	34,645	(45,760)	(446,461)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	443
Transfers in	-	-	-	141,599	-	204,692
Transfers out	-	-	(81,882)	-	(10,248)	(119,713)
Total other financing sources (uses)	-	-	(81,882)	141,599	(10,248)	85,422
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(224,953)	176,244	(56,008)	(361,039)
Cash and investments - beginning	-	-	-	306	5,982	74,819
Cash and investments - ending	\$ -	\$ -	\$ (224,953)	\$ 176,550	\$ (50,026)	\$ (286,220)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ (224,953)	\$ 176,550	\$ (50,026)	\$ (286,220)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ -	\$ (224,953)	\$ 176,550	\$ (50,026)	\$ (286,220)

WEST WASHINGTON 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, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Donation Fund	Education License Plates	09/10 Gifted/Talented
Receipts:							
Local sources	\$ 1,040,063	\$ -	\$ 143,043	\$ 40,242	\$ 600		\$ -
State sources	-	16,500	-	22,229	-	113	28,889
Federal sources	-	-	224,769	-	-	-	-
Total receipts	1,040,063	16,500	367,812	62,471	600	113	28,889
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	28,546
Support services	467,995	-	-	85,257	589	-	-
Noninstructional services	-	-	386,549	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	11,993	-	-	-	-	-
Total disbursements	467,995	11,993	386,549	85,257	589	-	28,546
Excess (deficiency) of receipts over disbursements	572,068	4,507	(18,737)	(22,786)	11	113	343
Other financing sources (uses):							
Transfers in	20,461	27,934	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	20,461	27,934	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	592,529	32,441	(18,737)	(22,786)	11	113	343
Cash and investments - beginning	(188,541)	(32,441)	4,139	(84,789)	500	2,169	-
Cash and investments - ending	\$ 403,988	\$ -	\$ (14,598)	\$ (107,575)	\$ 511	\$ 2,282	\$ 343
Cash and Investment Assets - Ending							
Cash and investments	\$ 403,988	\$ -	\$ (14,598)	\$ (107,575)	\$ 511	\$ 2,282	\$ 343
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 403,988	\$ -	\$ (14,598)	\$ (107,575)	\$ 511	\$ 2,282	\$ 343
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	403,988	-	(14,598)	(107,575)	511	2,282	343
Total cash and investment fund balance - ending	\$ 403,988	\$ -	\$ (14,598)	\$ (107,575)	\$ 511	\$ 2,282	\$ 343

WEST WASHINGTON 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, 2010
 (Continued)

	08/09 Gifted/Talented	Medicare Reimbursement State	Non-English Speaking Program	Washington County Fund for Educators	Title I 09-10	Title I 08/09	Title V Library
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	288,526	-	420
Total receipts	-	-	-	-	288,526	-	420
Disbursements:							
Current:							
Instruction	1,089	-	-	-	227,214	18,019	-
Support services	-	-	-	-	66,250	3,066	640
Noninstructional services	-	-	-	-	3,954	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,089	-	-	-	297,418	21,085	640
Excess (deficiency) of receipts over disbursements	(1,089)	-	-	-	(8,892)	(21,085)	(220)
Other financing sources (uses):							
Transfers in	-	-	-	-	24,974	-	-
Transfers out	-	-	-	-	-	(24,974)	-
Total other financing sources (uses)	-	-	-	-	24,974	(24,974)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,089)	-	-	-	16,082	(46,059)	(220)
Cash and investments - beginning	1,089	10,100	376	30	-	45,696	220
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>	<u>\$ 16,082</u>	<u>\$ (363)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 10,100	\$ 376	\$ 30	\$ 16,082	\$ (363)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>	<u>\$ 16,082</u>	<u>\$ (363)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	10,100	376	30	16,082	(363)	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 10,100</u>	<u>\$ 376</u>	<u>\$ 30</u>	<u>\$ 16,082</u>	<u>\$ (363)</u>	<u>\$ -</u>

WEST WASHINGTON 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, 2010
 (Continued)

	Drug Free 07/08	Drug Free 08/09	Medicare Reimbursement Federal	Title II Part A, 08/09	Title II Part A, 07/08	Grants to LEAs (Stimulus)
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	4,922	-	-	50,676	-	95,900
Total receipts	4,922	-	-	50,676	-	95,900
Disbursements:						
Current:						
Instruction	-	-	-	53,205	11,455	81,181
Support services	3,227	546	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,227	546	-	53,205	11,455	81,181
Excess (deficiency) of receipts over disbursements	1,695	(546)	-	(2,529)	(11,455)	14,719
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,695	(546)	-	(2,529)	(11,455)	14,719
Cash and investments - beginning	-	546	13,613	-	11,458	27,442
Cash and investments - ending	<u>\$ 1,695</u>	<u>\$ -</u>	<u>\$ 13,613</u>	<u>\$ (2,529)</u>	<u>\$ 3</u>	<u>\$ 42,161</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,695	\$ -	\$ 13,613	\$ (2,529)	\$ 3	\$ 42,161
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,695</u>	<u>\$ -</u>	<u>\$ 13,613</u>	<u>\$ (2,529)</u>	<u>\$ 3</u>	<u>\$ 42,161</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,695	-	13,613	(2,529)	3	42,161
Total cash and investment fund balance - ending	<u>\$ 1,695</u>	<u>\$ -</u>	<u>\$ 13,613</u>	<u>\$ (2,529)</u>	<u>\$ 3</u>	<u>\$ 42,161</u>

WEST WASHINGTON 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, 2010
 (Continued)

	Title II D- Technology	Coke Fund	Retirement/ Severance Bond Debt	Capital Projects	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 562,915	\$ 840,076	\$ 185,891	\$ 2,812,830
State sources	-	-	-	-	-	67,731
Federal sources	53,608	-	-	-	-	718,821
Total receipts	53,608	-	562,915	840,076	185,891	3,599,382
Disbursements:						
Current:						
Instruction	-	-	-	-	-	420,709
Support services	62,640	-	-	271,728	177,871	1,139,809
Noninstructional services	-	-	-	-	-	390,503
Facilities acquisition and construction	-	-	-	345,382	-	345,382
Debt services	-	-	226,240	-	-	226,240
Nonprogrammed charges	-	-	-	-	-	11,993
Total disbursements	62,640	-	226,240	617,110	177,871	2,534,636
Excess (deficiency) of receipts over disbursements	(9,032)	-	336,675	222,966	8,020	1,064,746
Other financing sources (uses):						
Transfers in	-	-	-	23,414	2,684	99,467
Transfers out	-	-	-	-	-	(24,974)
Total other financing sources (uses)	-	-	-	23,414	2,684	74,493
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,032)	-	336,675	246,380	10,704	1,139,239
Cash and investments - beginning	-	602	(224,953)	176,550	(50,026)	(286,220)
Cash and investments - ending	<u>\$ (9,032)</u>	<u>\$ 602</u>	<u>\$ 111,722</u>	<u>\$ 422,930</u>	<u>\$ (39,322)</u>	<u>\$ 853,019</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (9,032)	\$ 602	\$ -	\$ 422,930	\$ (39,322)	\$ 741,297
Restricted assets:						
Cash and investments	-	-	111,722	-	-	111,722
Total cash and investment assets - ending	\$ (9,032)	\$ 602	\$ 111,722	\$ 422,930	\$ (39,322)	\$ 853,019
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 111,722	\$ -	\$ -	\$ 111,722
Unrestricted	(9,032)	602	-	422,930	(39,322)	741,297
Total cash and investment fund balance - ending	\$ (9,032)	\$ 602	\$ 111,722	\$ 422,930	\$ (39,322)	\$ 853,019

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions	\$ -	\$ 110,153	\$ 110,153
Deductions:			
Benefits	105,711	110,153	215,864
Deficiency of total additions over total deductions	(105,711)	-	(105,711)
Cash and investment fund balance - beginning	236,897	-	236,897
Cash and investment fund balance - ending	\$ 131,186	\$ -	\$ 131,186
Net assets:			
Cash and investments	\$ 131,186	\$ -	\$ 131,186
Total net assets - cash and investment basis held in trust	\$ 131,186	\$ -	\$ 131,186

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Phi Delta Kappa/Lilly	West Washington Jr/Sr High E. Gravett Fund	Scholarship Fund	Totals
Additions:				
Contributions	\$ -	\$ -	\$ 15,395	\$ 15,395
Deductions:				
Administrative and general	-	-	25,233	25,233
Deficiency of total additions over total deductions	-	-	(9,838)	(9,838)
Cash and investment fund balance - beginning	3,589	936	12,413	16,938
Cash and investments - June 30	<u>\$ 3,589</u>	<u>\$ 936</u>	<u>\$ 2,575</u>	<u>\$ 7,100</u>
Net assets:				
Cash and investments	\$ 3,589	\$ 936	\$ 2,575	\$ 7,100
Total net assets - cash and investment basis held in trust	<u>\$ 3,589</u>	<u>\$ 936</u>	<u>\$ 2,575</u>	<u>\$ 7,100</u>

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Phi Delta Kappa/Lilly	West Washington Jr/Sr High E. Gravett Fund	Scholarship Fund	Totals
Additions:				
Contributions	\$ -	\$ -	\$ 6,861	\$ 6,861
Deductions:				
Administrative and general	-	-	3,700	3,700
Excess of total additions over total deductions	-	-	3,161	3,161
Cash and investment fund balance - beginning	3,589	936	2,575	7,100
Cash and investments - June 30	<u>\$ 3,589</u>	<u>\$ 936</u>	<u>\$ 5,736</u>	<u>\$ 10,261</u>
Net assets:				
Cash and investments	<u>\$ 3,589</u>	<u>\$ 936</u>	<u>\$ 5,736</u>	<u>\$ 10,261</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,589</u>	<u>\$ 936</u>	<u>\$ 5,736</u>	<u>\$ 10,261</u>

WEST WASHINGTON SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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

General infrastructure assets completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 157,785
Infrastructure	6,403,806
Buildings	11,798,445
Improvements other than buildings	764,469
Machinery and equipment	625,070
Transportation equipment	<u>1,408,846</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 21,158,421</u>

WEST WASHINGTON SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
QZAB No. 1	\$ 831,350	\$ 127,900
QZAB No. 2	941,433	125,524
QZAB No. 3	891,602	118,880
QZAB No. 4	750,927	69,266
Notes and loans payable		
2001 Common school loan	634,052	129,572
2005 Common school loan	5,088,528	449,280
Bonds payable:		
General obligation bond:		
Pension bonds of 2004	<u>1,665,000</u>	<u>225,168</u>
Total governmental activities debt	<u>\$ 10,802,892</u>	<u>\$ 1,245,590</u>

WEST WASHINGTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks of errors and/or fraud of the financial statements. The School Corporation has not separated incompatible actives related to receipts, vendor disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to be undetected.

One employee is responsible for collection of monies, issuing receipts, preparing and making deposits, posting receipt transactions, and preparing the monthly bank reconciliations. The same employee is also responsible for preparing vendor checks and posting the disbursement transactions to the financial records.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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 Indiana Public School Corporations, Chapter 9)

We recommended the School Corporation segregate the duties of collections, posting of transactions, preparation of the bank deposits, and preparation of the monthly bank reconcilements.

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Special Education Preschool	2008	\$ 13,921
Special Education Preschool	2009	34,794

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

WEST WASHINGTON SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

TEXTBOOK RENTAL DEPOSITS (Applies to West Washington High School)

Textbook rental receipts were not always deposited within a reasonable time. Textbook rental receipts, in some instances, were held for periods in excess of 56 days before depositing and recording into the School Corporation records. Textbook rental receipts, in some instances, accumulated to over \$5,189.51 before a deposit was made. A similar comment was in prior Report B34279.

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

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

OVERDRAWN FUND BALANCES

The following funds were overdrawn for the periods shown.

Fund	2009	2010
Debt Service	\$ 174,570	\$ -
Retirement/Severance Bond Debt	224,953	-
Transportation Operating	188,541	-
School Bus Replacement	50,026	39,322
Special Education Preschool	32,441	-
School Lunch	-	14,598
Textbook Rental	84,789	107,575
Title I 08/09	-	363
Title II Part A, 08/09	-	2,529
Title II D - Technology	-	9,032

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 WEST WASHINGTON SCHOOL
CORPORATION, WASHINGTON COUNTY, INDIANA

Compliance

We have audited the compliance of the West 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, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

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

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

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

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

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

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the West Washington 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

January 13, 2011

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 67,929	\$ 66,213
National School Lunch Program	10.555		<u>150,641</u>	<u>182,307</u>
Total for federal grantor agency			<u>218,570</u>	<u>248,520</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
SY 2007-2008	84.010	08-8220	188	-
SY 2008-2009		09-8220	288,538	-
SY 2009-2010		10-8220	<u>-</u>	<u>288,526</u>
Total for program			<u>288,726</u>	<u>288,526</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	8220	<u>27,442</u>	<u>95,900</u>
Total for cluster			<u>316,168</u>	<u>384,426</u>
Pass-Through Brownstown Community School Corporation				
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386			
Title II, Part D - SY08-09		08-8220	<u>-</u>	<u>53,608</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	8220	<u>565,007</u>	<u>178,462</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
Title IV, Part A P.L. 107-110, SY07-08		8220-07	2,253	-
Title IV, Part A P.L. 107-110, SY08-09		8220-08	3,851	-
Title IV, Part A P.L. 107-110, SY09-10		8220-09	<u>-</u>	<u>4,922</u>
Total for program			<u>6,104</u>	<u>4,922</u>
State Grants for Innovative Programs	84.298			
Title V ESEA, P.L. 107-110, SY07-08		07-8220	<u>220</u>	<u>420</u>
Improving Teacher Quality State Grants	84.367			
Title II, Part A - SY07-08		07-8220	62,247	-
Title II, Part A - SY08-09		08-8220	<u>-</u>	<u>50,676</u>
Total for program			<u>62,247</u>	<u>50,676</u>
Total for federal grantor agency			<u>949,746</u>	<u>672,514</u>
Total federal awards expended			<u>\$ 1,168,316</u>	<u>\$ 921,034</u>

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

WEST 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 West Washington School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 6,856	\$ 4,694
National School Lunch Program	10.555	14,143	19,057

WEST 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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

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
	Title I, Part A Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks of errors and/or fraud to the financial statements. The School Corporation has not separated incompatible activities related to receipts, vendor disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

One employee is responsible for collection of monies, issuing receipts, preparing and making deposits, posting receipt transactions, and preparing the monthly bank reconciliations. The same employee is also responsible for preparing vendor checks and posting the disbursement transactions to the financial records.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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 Indiana Public School Corporations, Chapter 9)

We recommended the School Corporation segregate the duties of collections, posting of transactions, preparation of the bank deposits, and preparation of the monthly bank reconciliations.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

West Washington School Corporation

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Phone 812-755-4872 • Fax 812-755-4843

Gerald W. Jackson, Superintendent
Barb Davis, Corporation Treasurer

Carol Hoar, Corporate Secretary
Stephanie Porter, Deputy/Payroll Clerk

Finding Number 2008-1

Original SBA Audit Report Number	B34279
Fiscal Year	2008
Auditee Contact Person	Barb Davis
Title of Contact Person	Treasurer
Phone Number	812-755-4872

Status of Finding

Title 1 ARRA fund, as of January 20, 2010 had received \$123,341.60. No further request has been made for the remainder of the grant funds. As of today October 12, 2010 I have a fund balance of 30987.05. I am working to pay out what we have received and will not request any further funds until I have depleted what has already been received.

Title 2 Part A, I received a deposit in the amount of \$16,645.00 on July 15, 2010 of the money in this fund I have a current balance of 10,549.75. I did not request the money which is what I thought was now the policy. This is actually a 09/10 grant and I found where the original application had a cash request page however I am still a bit confused since the way it was filled out was for requested that \$33,290.50 to be paid in July. I am in email contact with Jeff Barber in hopes of getting this fund figured out.

I have talked with Linda Rickett with Title 1 and learned that I should make request for reimbursements for money to be spent within 3 days time of date requested. I am endeavoring to do this, I found I am usually in the rear in my funds I have a handle on since there is so much more reporting being required.

I am trying to get a handle on all these monies and to only request funds as needed.

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January 13, 2011

In regards to the issue of the same person collecting, receipting, making deposits, and postings all records and reconciles the accounts without supervision.

The action of the Corporation Treasurer will be to present to the school board the bank reconciliation statement and fund report to verify balances each month.



Gerald W Jackson

WEST WASHINGTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2011, with Gerald W. Jackson, Superintendent of Schools; Rick D. Roberts, President of the School Board; Barbara N. Davis, Treasurer; Karen York, West Washington High School Principal; and Karen Roll, West Washington High School Extra-Curricular Treasurer.