

**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, 2008 to June 30, 2010



**FILED**  
03/03/2011



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pam Carter	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Peter O'Rourke	07-01-08 to 06-30-11
President of the School Board	J. Conrad Maugans Harry Kenworthy	07-01-08 to 06-30-09 07-01-09 to 06-30-11



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

TO: THE OFFICIALS OF THE 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, 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 pre-scribed 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 11, 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.

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

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, 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 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

January 11, 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 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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 11, 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.

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 Western School Board, 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 11, 2011

WESTERN 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 (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 9,820,496	\$ -	\$ 260,420	\$ (9,560,076)
Support services	7,702,215	809,247	365,232	(6,527,736)
Noninstructional services	978,317	-	-	(978,317)
Facilities acquisition and construction	1,426,691	-	-	(1,426,691)
Debt service	3,520,255	-	-	(3,520,255)
Nonprogrammed charges	327,982	-	-	(327,982)
<b>Total governmental activities</b>	<b><u>\$ 23,775,956</u></b>	<b><u>\$ 809,247</u></b>	<b><u>\$ 625,652</u></b>	<b><u>(22,341,057)</u></b>
General receipts:				
Property taxes				9,768,590
Other local sources				1,468,892
State aid				10,272,873
Grants and contributions not restricted to specific programs				1,897,303
Sale of property				6,545
Investment earnings				85,536
Other				9,196
<b>Total general receipts</b>				<b><u>23,508,935</u></b>
Change in net assets				1,167,878
Net assets - beginning				<u>6,353,009</u>
Net assets - ending				<b><u>\$ 7,520,887</u></b>
<u>Assets</u>				
Cash and investments				\$ 6,919,920
Restricted assets:				
Cash and investments				<u>600,967</u>
<b>Total assets</b>				<b><u>\$ 7,520,887</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 600,967
Unrestricted				<u>6,919,920</u>
<b>Total net assets</b>				<b><u>\$ 7,520,887</u></b>

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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,603,293	\$ -	\$ 268,858	\$ (10,334,435)
Support services	8,182,238	811,324	417,238	(6,953,676)
Noninstructional services	1,001,329	-	-	(1,001,329)
Facilities acquisition and construction	1,209,202	-	-	(1,209,202)
Debt service	3,223,671	-	-	(3,223,671)
Nonprogrammed charges	427,186	-	-	(427,186)
<b>Total government activities</b>	<b><u>\$ 24,646,919</u></b>	<b><u>\$ 811,324</u></b>	<b><u>\$ 686,096</u></b>	<b><u>(23,149,499)</u></b>
General receipts:				
Property taxes				7,762,008
Other local sources				868,199
State aid				13,123,057
Grants and contributions not restricted to specific programs				1,773,161
Sale of property				285,542
Investment earnings				145,243
Other				1,200
<b>Total general receipts</b>				<b><u>23,958,410</u></b>
Change in net assets				808,911
Net assets - beginning				<u>7,520,879</u>
Net assets - ending				<b><u>\$ 8,329,790</u></b>
<u>Assets</u>				
Cash and investments				\$ 6,961,602
Restricted assets:				
Cash and investments				<u>1,368,188</u>
<b>Total assets</b>				<b><u>\$ 8,329,790</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,368,188
Unrestricted				<u>6,961,602</u>
<b>Total net assets</b>				<b><u>\$ 8,329,790</u></b>

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, 2009

	General	Debt Service	Capital Projects	Building Project/ Land Sale	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 4,198,711	\$ 3,143,635	\$ 2,299,668	\$ 68,123	\$ 2,420,080	\$ 12,130,217
Intermediate sources	1,802	-	-	-	244	2,046
State sources	10,631,556	-	-	-	292,248	10,923,804
Federal sources	-	-	-	-	1,872,025	1,872,025
Interfund loans	300,000	-	-	-	125,000	425,000
Other	5,789	-	-	-	3,407	9,196
<b>Total receipts</b>	<b>15,137,858</b>	<b>3,143,635</b>	<b>2,299,668</b>	<b>68,123</b>	<b>4,713,004</b>	<b>25,362,288</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	9,117,878	-	-	-	702,617	9,820,495
Support services	4,560,075	-	1,098,011	313,647	1,730,482	7,702,215
Noninstructional services	368,792	-	-	-	609,525	978,317
Facilities acquisition and construction	42,406	-	1,383,467	-	818	1,426,691
Debt services	-	3,242,030	-	-	278,225	3,520,255
Nonprogrammed charges	327,982	-	-	-	-	327,982
Interfund loans	125,000	-	-	-	300,000	425,000
<b>Total disbursements</b>	<b>14,542,133</b>	<b>3,242,030</b>	<b>2,481,478</b>	<b>313,647</b>	<b>3,621,667</b>	<b>24,200,955</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>595,725</b>	<b>(98,395)</b>	<b>(181,810)</b>	<b>(245,524)</b>	<b>1,091,337</b>	<b>1,161,333</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	1,045	-	-	-	5,500	6,545
Transfers in	-	-	-	-	10,310	10,310
Transfers out	(4,351)	-	-	-	(5,959)	(10,310)
<b>Total other financing sources (uses)</b>	<b>(3,306)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,851</b>	<b>6,545</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>592,419</b>	<b>(98,395)</b>	<b>(181,810)</b>	<b>(245,524)</b>	<b>1,101,188</b>	<b>1,167,878</b>
<b>Cash and investments - beginning</b>	<b>2,395,030</b>	<b>638,395</b>	<b>951,860</b>	<b>1,198,763</b>	<b>1,168,961</b>	<b>6,353,009</b>
<b>Cash and investments - ending</b>	<b>\$ 2,987,449</b>	<b>\$ 540,000</b>	<b>\$ 770,050</b>	<b>\$ 953,239</b>	<b>\$ 2,270,149</b>	<b>\$ 7,520,887</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,987,449	\$ -	\$ 770,050	\$ 953,239	\$ 2,209,182	\$ 6,919,920
Restricted assets:						
Cash and investments	-	540,000	-	-	60,967	600,967
<b>Total cash and investment assets - ending</b>	<b>\$ 2,987,449</b>	<b>\$ 540,000</b>	<b>\$ 770,050</b>	<b>\$ 953,239</b>	<b>\$ 2,270,149</b>	<b>\$ 7,520,887</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ 540,000	\$ -	\$ -	\$ 60,967	\$ 600,967
Unrestricted	2,987,449	-	770,050	953,239	2,209,182	6,919,920
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,987,449</b>	<b>\$ 540,000</b>	<b>\$ 770,050</b>	<b>\$ 953,239</b>	<b>\$ 2,270,149</b>	<b>\$ 7,520,887</b>

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, 2010

	General	Debt Service	Capital Projects	Building Project/ Land Sale	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 385,943	\$ 3,621,960	\$ 2,464,283	\$ 383	\$ 3,113,739	\$ 9,586,308
Intermediate sources	221	-	-	-	206	427
State sources	13,352,311	-	-	-	150,714	13,503,025
Federal sources	-	-	600	300,000	1,778,690	2,079,290
Interfund loans	125,000	-	-	-	-	125,000
Other	900	-	-	-	300	1,200
<b>Total receipts</b>	<b>13,864,375</b>	<b>3,621,960</b>	<b>2,464,883</b>	<b>300,383</b>	<b>5,043,649</b>	<b>25,295,250</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	8,609,308	-	-	-	1,993,984	10,603,292
Support services	4,907,951	-	881,453	227,334	2,165,501	8,182,239
Noninstructional services	360,046	-	-	-	641,283	1,001,329
Facilities acquisition and construction	993	-	687,971	28,100	492,138	1,209,202
Debt services	1,266	2,944,426	-	-	277,979	3,223,671
Nonprogrammed charges	182,231	-	-	-	244,917	427,148
Interfund loans	-	-	-	-	125,000	125,000
<b>Total disbursements</b>	<b>14,061,795</b>	<b>2,944,426</b>	<b>1,569,424</b>	<b>255,434</b>	<b>5,940,802</b>	<b>24,771,881</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(197,420)</b>	<b>677,534</b>	<b>895,459</b>	<b>44,949</b>	<b>(897,153)</b>	<b>523,369</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	283,743	-	-	-	1,799	285,542
Transfers in	319,635	-	-	-	634,704	954,339
Transfers out	(28,933)	-	-	(570,000)	(355,406)	(954,339)
<b>Total other financing sources (uses)</b>	<b>574,445</b>	<b>-</b>	<b>-</b>	<b>(570,000)</b>	<b>281,097</b>	<b>285,542</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>377,025</b>	<b>677,534</b>	<b>895,459</b>	<b>(525,051)</b>	<b>(616,056)</b>	<b>808,911</b>
<b>Cash and investments - beginning</b>	<b>2,987,449</b>	<b>540,000</b>	<b>770,049</b>	<b>953,239</b>	<b>2,270,142</b>	<b>7,520,879</b>
<b>Cash and investments - ending</b>	<b>\$ 3,364,474</b>	<b>\$ 1,217,534</b>	<b>\$ 1,665,508</b>	<b>\$ 428,188</b>	<b>\$ 1,654,086</b>	<b>\$ 8,329,790</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,364,474	\$ -	\$ 1,665,508	\$ 428,188	\$ 1,503,432	\$ 6,961,602
Restricted assets:						
Cash and investments	-	1,217,534	-	-	150,654	1,368,188
<b>Total cash and investment assets - ending</b>	<b>\$ 3,364,474</b>	<b>\$ 1,217,534</b>	<b>\$ 1,665,508</b>	<b>\$ 428,188</b>	<b>\$ 1,654,086</b>	<b>\$ 8,329,790</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ 1,217,534	\$ -	\$ -	\$ 150,654	\$ 1,368,188
Unrestricted	3,364,474	-	1,665,508	428,188	1,503,432	6,961,602
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,364,474</b>	<b>\$ 1,217,534</b>	<b>\$ 1,665,508</b>	<b>\$ 428,188</b>	<b>\$ 1,654,086</b>	<b>\$ 8,329,790</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, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 1,359	
Total contributions	1,359	
Total additions	1,359	
Deductions:		
Administrative and general	1,289	
Total deductions	1,289	
Excess (deficiency) of total additions over total deductions	70	
Cash and investment fund balance - beginning	2,054	
Cash and investment fund balance - ending	\$ 2,124	\$ 87,518
Net assets:		
Cash and investments	\$ 2,124	\$ 87,518
Total net assets - cash and investment basis held in trust	\$ 2,124	\$ 87,518

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, 2010

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 241	
Total contributions	241	
Total additions	241	
Deductions:		
Administrative and general	316	
Total deductions	316	
Excess (deficiency) of total additions over total deductions	(75)	
Cash and investment fund balance - beginning	2,125	
Cash and investment fund balance - ending	\$ 2,050	\$ 102,021
Net assets:		
Cash and investments	\$ 2,050	\$ 102,021
Total net assets - cash and investment basis held in trust	\$ 2,050	\$ 102,021

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 in a joint venture to operate Kokomo Area Career Center which was created to provide instruction for vocational students. The Kokomo Area Career Center's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Kokomo Area Career Center can be obtained from the Kokomo-Center Township Consolidated School Corporation office at 100 W Lincoln Road, PO Box 2188, Kokomo, IN 46904-2188.

The School Corporation is a participant in a joint venture to operate Kokomo Area Special Education Cooperative which was created to provide instruction for children with special needs. The Kokomo Area Special Education Cooperative's continued existence depends on continued funding by the school corporations. Complete financial statements for the Kokomo Area Special Education Cooperative can be obtained from the Kokomo-Center Township Consolidated School Corporation office at 100 W Lincoln Road, PO Box 2188, Kokomo, IN 46904-2188.

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.

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The Capital Projects Fund accounts for planned construction, repair, replacement or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The Building Project/Land Sale is a construction fund that accounts for planned construction, repair, replacement or remodeling of building projects.

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 annual disbursement of scholarship funds to eligible students.

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

C. Measurement Focus and Basis of Accounting

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

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

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.

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 enabling legislation.

2. Cash and Investments

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

3. Property Taxes

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

4. Capital Assets

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

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

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.

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements are 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.

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Cash Balance Deficits

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

Fund	2009	2010
Safe & Drug Free Grant 2009-10	\$ -	\$ 3,865
Title II Part A Improving	-	6,927
Title I Grants to LEA's	-	17,802

The deficit fund balances arose primarily from reimbursable federal grants where eligible disbursements have been made, but the reimbursement from the grant has not been received yet. The deficits will be repaid from future grant distributions.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the 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 \$8,982,705.

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	Other Governmental Funds	\$ 4,351	\$ 28,933
Building Project/Land Sale Fund	Other Governmental Funds	-	570,000
Other Governmental Funds	General Fund	-	319,635
Other Governmental Funds	Other Governmental Funds	5,959	35,771
Totals		<u>\$ 10,310</u>	<u>\$ 954,339</u>

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

WESTERN 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; 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; are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into two 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 for the original lease during the years 2009 and 2010, totaled \$1,545,000 and \$1,543,500, respectively. Lease payments for the Building Expansion and Improvements lease during the years 2009 and 2010, totaled \$1,230,000 and \$934,996, respectively.

C. VEBA Trust

The School Corporation established a Voluntary Employee's Benefit Association (VEBA) trust, with an independent trustee, for the purpose of providing incentive compensation for employees who accepted early retirement and had accrued the required years of service to the School Corporation.

The trust is funded from payments made by the School Corporation during the year that eligible employees retire. \$20,000 is placed in the Trust for each eligible employee. No additional payments will be made by the School Corporation or the employees into this trust. During the years 2009 and 2010, 10 employees elected to retire and were eligible to receive this payment.

These funds cannot under any circumstance revert to the school; therefore, the financial statements do not include the value of these assets.

D. Subsequent Events

Western School Building Corporation has issued Qualified School Construction Bonds on November 15, 2010, in the amount of \$1,980,000. The bonds will be used to fund a guaranteed energy savings contract.

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. 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

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 \$370,386.

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

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.

WESTERN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

The School Corporation's contributions to the plan during the period were \$680,396.

3. Defined Contribution Pension Plan

Western School Corporation 401(a) Plan and Trust

Plan Description

The School Corporation has a defined contribution pension plan administered by Western School Corporation 401(a) Plan Committee under IC 5-10-1.1-1. The plan received favorable determination from the Internal Revenue Service on May 6, 2005. The plan provides supplemental retirement benefits to plan members and beneficiaries. 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:

Western School Corporation  
2600 South 600 West  
Russiaville, IN 46979-0247

Funding Policy

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. The employer pays 1.75% of the eligible employees' salary into the fund. The payments are made in November, February and June of each fiscal year. During the years 2009 and 2010, employer contributions to the plan were \$149,965 and \$135,653, respectively.

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, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plate	Alternative Education	WESTAG Grant
<b>Receipts:</b>							
Local sources	\$ 989,373	\$ 13,851	\$ 649,271	\$ 166,945	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	244	-	-
State sources	-	76,073	14,663	61,896	-	-	36,442
Federal sources	-	-	288,673	-	-	-	-
Interfund loans	125,000	-	-	-	-	-	-
Other	2,707	-	200	500	-	-	-
<b>Total receipts</b>	<b>1,117,080</b>	<b>89,924</b>	<b>952,807</b>	<b>229,341</b>	<b>244</b>	<b>-</b>	<b>36,442</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	83,669	-	-	-	-	43,499
Support services	845,670	336	296,959	348,789	60	-	790
Noninstructional services	-	-	600,738	-	-	-	-
Facilities acquisition and construction	-	-	818	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	300,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,145,670</b>	<b>84,005</b>	<b>898,515</b>	<b>348,789</b>	<b>60</b>	<b>-</b>	<b>44,289</b>
Excess (deficiency) of receipts over disbursements	(28,590)	5,919	54,292	(119,448)	184	-	(7,847)
<b>Other financing sources (uses):</b>							
Sale of capital assets	98	-	134	7	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>98</b>	<b>-</b>	<b>134</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,492)	5,919	54,426	(119,441)	184	-	(7,847)
Cash and investments - beginning	270,177	164,711	350,754	188,131	225	2,866	28,625
Cash and investments - ending	\$ 241,685	\$ 170,630	\$ 405,180	\$ 68,690	\$ 409	\$ 2,866	\$ 20,778
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 241,685	\$ 170,630	\$ 405,180	\$ 68,690	\$ 409	\$ 2,866	\$ 20,778
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 241,685</b>	<b>\$ 170,630</b>	<b>\$ 405,180</b>	<b>\$ 68,690</b>	<b>\$ 409</b>	<b>\$ 2,866</b>	<b>\$ 20,778</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	241,685	170,630	405,180	68,690	409	2,866	20,778
<b>Total cash and investment fund balance - ending</b>	<b>\$ 241,685</b>	<b>\$ 170,630</b>	<b>\$ 405,180</b>	<b>\$ 68,690</b>	<b>\$ 409</b>	<b>\$ 2,866</b>	<b>\$ 20,778</b>

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, 2009  
 (Continued)

	Non English Speaking Programs	School Technology	Technology Grants IC 20-40-15	The Buddy Project	Child Abuse Prevention	Public Law 103-382 ECIA Title I
<b>Receipts:</b>						
Local sources	\$ -	\$ 5,349	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,249	-	100,925	-	-	-
Federal sources	-	-	-	-	-	34,467
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,249</b>	<b>5,349</b>	<b>100,925</b>	<b>-</b>	<b>-</b>	<b>34,467</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	6,136	-	-	500	-	46,284
Support services	435	2,381	10,835	-	-	686
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,571</b>	<b>2,381</b>	<b>10,835</b>	<b>500</b>	<b>-</b>	<b>46,970</b>
Excess (deficiency) of receipts over disbursements	(4,322)	2,968	90,090	(500)	-	(12,503)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	5,255	-	-	-	-
Transfers in	3,893	-	-	-	-	5,883
Transfers out	-	-	-	-	-	(993)
<b>Total other financing sources (uses)</b>	<b>3,893</b>	<b>5,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,890</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(429)	8,223	90,090	(500)	-	(7,613)
Cash and investments - beginning	521	5,327	-	500	136	7,614
Cash and investments - ending	\$ 92	\$ 13,550	\$ 90,090	\$ -	\$ 136	\$ 1
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 92	\$ 13,550	\$ 90,090	\$ -	\$ 136	\$ 1
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 92</b>	<b>\$ 13,550</b>	<b>\$ 90,090</b>	<b>\$ -</b>	<b>\$ 136</b>	<b>\$ 1</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	92	13,550	90,090	-	136	1
<b>Total cash and investment fund balance - ending</b>	<b>\$ 92</b>	<b>\$ 13,550</b>	<b>\$ 90,090</b>	<b>\$ -</b>	<b>\$ 136</b>	<b>\$ 1</b>

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, 2009  
 (Continued)

	Title I 2008-09	Title V 2007-08	Drug Free Grant 2007-08	Drug Free Grant 2008-09	Title II Part A Improving	Title II Part D
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	251,841	-	1,324	7,367	49,599	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>251,841</b>	<b>-</b>	<b>1,324</b>	<b>7,367</b>	<b>49,599</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	243,032	-	-	-	-	-
Support services	-	1,277	10,833	7,367	947	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>243,032</b>	<b>1,277</b>	<b>10,833</b>	<b>7,367</b>	<b>947</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	8,809	(1,277)	(9,509)	-	48,652	-
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	6
Transfers in	993	-	3,039	-	-	395
Transfers out	(4,966)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,973)</b>	<b>-</b>	<b>3,039</b>	<b>-</b>	<b>-</b>	<b>401</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,836	(1,277)	(6,470)	-	48,652	401
Cash and investments - beginning	-	1,325	6,470	-	3,021	(395)
Cash and investments - ending	<u>\$ 4,836</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,673</u>	<u>\$ 6</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 4,836	\$ 48	\$ -	\$ -	\$ 51,673	\$ 6
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 4,836</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,673</u>	<u>\$ 6</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,836	48	-	-	51,673	6
<b>Total cash and investment fund balance - ending</b>	<u>\$ 4,836</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,673</u>	<u>\$ 6</u>

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, 2009  
 (Continued)

	Title III LEP	Fiscal Stabilization	Title I Grants to LEA's	Retirement/ Severance Bond	Transportation Operating	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 279,647	\$ 315,644	\$ 2,420,080
Intermediate sources	-	-	-	-	-	244
State sources	-	-	-	-	-	292,248
Federal sources	3,474	1,155,901	79,379	-	-	1,872,025
Interfund loans	-	-	-	-	-	125,000
Other	-	-	-	-	-	3,407
<b>Total receipts</b>	<b>3,474</b>	<b>1,155,901</b>	<b>79,379</b>	<b>279,647</b>	<b>315,644</b>	<b>4,713,004</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	6,901	272,596	-	-	-	702,617
Support services	(444)	90,772	-	-	112,789	1,730,482
Noninstructional services	-	8,787	-	-	-	609,525
Facilities acquisition and construction	-	-	-	-	-	818
Debt services	-	-	-	278,225	-	278,225
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	300,000
<b>Total disbursements</b>	<b>6,457</b>	<b>372,155</b>	<b>-</b>	<b>278,225</b>	<b>112,789</b>	<b>3,621,667</b>
Excess (deficiency) of receipts over disbursements	(2,983)	783,746	79,379	1,422	202,855	1,091,337
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	5,500
Transfers in	(3,893)	-	-	-	-	10,310
Transfers out	-	-	-	-	-	(5,959)
<b>Total other financing sources (uses)</b>	<b>(3,893)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,851</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,876)	783,746	79,379	1,422	202,855	1,101,188
Cash and investments - beginning	6,876	-	-	59,545	72,532	1,168,961
Cash and investments - ending	<u>\$ -</u>	<u>\$ 783,746</u>	<u>\$ 79,379</u>	<u>\$ 60,967</u>	<u>\$ 275,387</u>	<u>\$ 2,270,149</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 783,746	\$ 79,379	\$ -	\$ 275,387	\$ 2,209,182
Restricted assets:						
Cash and investments	-	-	-	60,967	-	60,967
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 783,746</u>	<u>\$ 79,379</u>	<u>\$ 60,967</u>	<u>\$ 275,387</u>	<u>\$ 2,270,149</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 60,967	\$ -	\$ 60,967
Unrestricted	-	783,746	79,379	-	275,387	2,209,182
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 783,746</u>	<u>\$ 79,379</u>	<u>\$ 60,967</u>	<u>\$ 275,387</u>	<u>\$ 2,270,149</u>

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, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plate	Alternative Education	WESTAG Grant
<b>Receipts:</b>							
Local sources	\$ 1,361,353	\$ -	\$ 656,229	\$ 170,111	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	206	-	-
State sources	-	44,000	15,869	51,241	-	-	35,925
Federal sources	-	-	350,129	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	300	-	-	-	-
<b>Total receipts</b>	<b>1,361,353</b>	<b>44,000</b>	<b>1,022,527</b>	<b>221,352</b>	<b>206</b>	<b>-</b>	<b>35,925</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	36,883	-	-	-	-	40,152
Support services	825,996	-	324,870	222,253	70	140	-
Noninstructional services	-	-	619,765	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	125,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>950,996</b>	<b>36,883</b>	<b>944,635</b>	<b>222,253</b>	<b>70</b>	<b>140</b>	<b>40,152</b>
Excess (deficiency) of receipts over disbursements	410,357	7,117	77,892	(901)	136	(140)	(4,227)
<b>Other financing sources (uses):</b>							
Sale of capital assets	589	-	268	942	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(177,746)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>589</b>	<b>(177,746)</b>	<b>268</b>	<b>942</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	410,946	(170,629)	78,160	41	136	(140)	(4,227)
Cash and investments - beginning	241,685	170,629	405,178	68,688	409	2,866	20,778
Cash and investments - ending	\$ 652,631	\$ -	\$ 483,338	\$ 68,729	\$ 545	\$ 2,726	\$ 16,551
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 652,631	\$ -	\$ 483,338	\$ 68,729	\$ 545	\$ 2,726	\$ 16,551
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 652,631	\$ -	\$ 483,338	\$ 68,729	\$ 545	\$ 2,726	\$ 16,551
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	652,631	-	483,338	68,729	545	2,726	16,551
Total cash and investment fund balance - ending	\$ 652,631	\$ -	\$ 483,338	\$ 68,729	\$ 545	\$ 2,726	\$ 16,551

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, 2010  
 (Continued)

	Adult Continuing Education	Anna Mae Hamilton Scholarship	Non-English Speaking Program	School Technology	Technology Grants IC 20-40-15	Child Abuse Prevention	Public Law 103-382 EICA Title I
<b>Receipts:</b>							
Local sources	\$ -	\$ 245,732	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	3,679	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>245,732</b>	<b>3,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	3,770	-	-	-	-
Support services	-	-	-	1,562	6,767	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	4,271	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	244,911	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>244,911</b>	<b>3,770</b>	<b>1,562</b>	<b>11,038</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	821	(91)	(1,562)	(11,038)	-	-
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	5,000	-	-	-	-	-	-
Transfers out	(5,000)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	821	(91)	(1,562)	(11,038)	-	-
Cash and investments - beginning	-	-	91	13,549	90,090	136	-
Cash and investments - ending	\$ -	\$ 821	\$ -	\$ 11,987	\$ 79,052	\$ 136	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 821	\$ -	\$ 11,987	\$ 79,052	\$ 136	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 821</b>	<b>\$ -</b>	<b>\$ 11,987</b>	<b>\$ 79,052</b>	<b>\$ 136</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	821	-	11,987	79,052	136	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 821</b>	<b>\$ -</b>	<b>\$ 11,987</b>	<b>\$ 79,052</b>	<b>\$ 136</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Title I 2008-09	Title I 2009-10	Title V 2006-07	Title V 2007-08	Drug Free Grant 2007-08	Drug Free Grant 2008-09	Safe & Drug Free Grant 2009-10
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	25,000	228,289	-	1,235	-	-	7,825
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>25,000</b>	<b>228,289</b>	<b>-</b>	<b>1,235</b>	<b>-</b>	<b>-</b>	<b>7,825</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	56,326	227,187	-	-	-	-	-
Support services	1,681	92	-	1,270	-	-	11,690
Noninstructional services	-	168	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>58,007</b>	<b>227,447</b>	<b>-</b>	<b>1,270</b>	<b>-</b>	<b>-</b>	<b>11,690</b>
Excess (deficiency) of receipts over disbursements	(33,007)	842	-	(35)	-	-	(3,865)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	28,171	28,171	-	-	-	-	-
Transfers out	-	(28,171)	-	(12)	-	-	-
<b>Total other financing sources (uses)</b>	<b>28,171</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,836)	842	-	(47)	-	-	(3,865)
Cash and investments - beginning	4,836	-	-	47	-	-	-
Cash and investments - ending	\$ -	\$ 842	\$ -	\$ -	\$ -	\$ -	\$ (3,865)
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 842	\$ -	\$ -	\$ -	\$ -	\$ (3,865)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 842</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,865)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	842	-	-	-	-	(3,865)
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 842</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,865)</b>

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, 2010  
 (Continued)

	Title II Part A Improving	Title II Part D	Title III LEP	Fiscal Stabilization Education	Title I Grants to LEA's	Special Education Part B
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,211	\$ 55
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	93,558	-	1,870	515,244	132,373	407,976
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>93,558</b>	<b>-</b>	<b>1,870</b>	<b>515,244</b>	<b>133,584</b>	<b>408,031</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	152,158	-	1,654	998,815	192,761	281,826
Support services	-	-	-	278,826	27,811	3,780
Noninstructional services	-	-	-	21,350	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	1,224	62
Nonprogrammed charges	-	6	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>152,158</b>	<b>6</b>	<b>1,654</b>	<b>1,298,991</b>	<b>221,796</b>	<b>285,668</b>
Excess (deficiency) of receipts over disbursements	(58,600)	(6)	216	(783,747)	(88,212)	122,363
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	124	-	-	-
Transfers out	-	-	-	-	(8,969)	(119,079)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>(8,969)</b>	<b>(119,079)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,600)	(6)	340	(783,747)	(97,181)	3,284
Cash and investments - beginning	51,673	6	-	783,746	79,379	-
Cash and investments - ending	<u>\$ (6,927)</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ (1)</u>	<u>\$ (17,802)</u>	<u>\$ 3,284</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (6,927)	\$ -	\$ 340	\$ (1)	\$ (17,802)	\$ 3,284
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (6,927)</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ (1)</u>	<u>\$ (17,802)</u>	<u>\$ 3,284</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(6,927)	-	340	(1)	(17,802)	3,284
<b>Total cash and investment fund balance - ending</b>	<u>\$ (6,927)</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ (1)</u>	<u>\$ (17,802)</u>	<u>\$ 3,284</u>

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, 2010  
 (Continued)

	IDEA Special Education Preschool	Retirement/ Severance Bond	Transportation Bus Replacement	Building Project/ Land Sale	Water Project	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 366,379	\$ 312,669	\$ -	\$ -	\$ 3,113,739
Intermediate sources	-	-	-	-	-	206
State sources	-	-	-	-	-	150,714
Federal sources	15,191	-	-	-	-	1,778,690
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	300
<b>Total receipts</b>	<b>15,191</b>	<b>366,379</b>	<b>312,669</b>	<b>-</b>	<b>-</b>	<b>5,043,649</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,452	-	-	-	-	1,993,984
Support services	(453)	-	459,146	-	-	2,165,501
Noninstructional services	-	-	-	-	-	641,283
Facilities acquisition and construction	-	-	-	-	487,867	492,138
Debt services	-	276,693	-	-	-	277,979
Nonprogrammed charges	-	-	-	-	-	244,917
Interfund loans	-	-	-	-	-	125,000
<b>Total disbursements</b>	<b>1,999</b>	<b>276,693</b>	<b>459,146</b>	<b>-</b>	<b>487,867</b>	<b>5,940,802</b>
Excess (deficiency) of receipts over disbursements	13,192	89,686	(146,477)	-	(487,867)	(897,153)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	1,799
Transfers in	3,238	-	-	-	570,000	634,704
Transfers out	(16,429)	-	-	-	-	(355,406)
<b>Total other financing sources (uses)</b>	<b>(13,191)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570,000</b>	<b>281,097</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1	89,686	(146,477)	-	82,133	(616,056)
Cash and investments - beginning	-	60,968	275,388	-	-	2,270,142
Cash and investments - ending	\$ 1	\$ 150,654	\$ 128,911	\$ -	\$ 82,133	\$ 1,654,086
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1	\$ -	\$ 128,911	\$ -	\$ 82,133	\$ 1,503,432
Restricted assets:						
Cash and investments	-	150,654	-	-	-	150,654
<b>Total cash and investment assets - ending</b>	<b>\$ 1</b>	<b>\$ 150,654</b>	<b>\$ 128,911</b>	<b>\$ -</b>	<b>\$ 82,133</b>	<b>\$ 1,654,086</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ 150,654	\$ -	\$ -	\$ -	\$ 150,654
Unrestricted	1	-	128,911	-	82,133	1,503,432
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1</b>	<b>\$ 150,654</b>	<b>\$ 128,911</b>	<b>\$ -</b>	<b>\$ 82,133</b>	<b>\$ 1,654,086</b>

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, 2009

	Corporation Extra Curricular	H. Dean Resler Memorial	Jay Orem Scholarship	Western Wishing Well	Totals
Additions:					
Contributions:					
Other	\$ 426	\$ -	\$ 267	\$ 666	\$ 1,359
Investment earnings:					
Net increase (decrease) in fair value of investments	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Total investment earnings	-	-	-	-	-
Less investment disbursements	-	-	-	-	-
Net investment earnings	-	-	-	-	-
Total additions	426	-	267	666	1,359
Deductions:					
Administrative and general	990	73	-	226	1,289
Excess (deficiency) of total additions over total deductions	(564)	(73)	267	440	70
Cash and investment fund balance - beginning	598	597	-	859	2,054
Cash and investments - June 30	<u>\$ 34</u>	<u>\$ 524</u>	<u>\$ 267</u>	<u>\$ 1,299</u>	<u>\$ 2,124</u>
Net assets:					
Cash and investments	\$ 34	\$ 524	\$ 267	\$ 1,299	\$ 2,124
Total net assets - cash and investment basis held in trust	<u>\$ 34</u>	<u>\$ 524</u>	<u>\$ 267</u>	<u>\$ 1,299</u>	<u>\$ 2,124</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, 2010

	Corporation Extra Curricular	H. Dean Resler Memorial	Jay Orem Scholarship	Western Wishing Well	Totals
Additions:					
Contributions:					
Other	\$ 76	\$ -	\$ -	\$ 165	\$ 241
Investment earnings:					
Net increase (decrease) in fair value of investments	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Total investment earnings	-	-	-	-	-
Less investment disbursements	-	-	-	-	-
Net investment earnings	-	-	-	-	-
Total additions	76	-	-	165	241
Deductions:					
Administrative and general	55	76	-	185	316
Excess (deficiency) of total additions over total deductions	21	(76)	-	(20)	(75)
Cash and investment fund balance - beginning	35	524	267	1,299	2,125
Cash and investments - June 30	<u>\$ 56</u>	<u>\$ 448</u>	<u>\$ 267</u>	<u>\$ 1,279</u>	<u>\$ 2,050</u>
Net assets:					
Cash and investments	\$ 56	\$ 448	\$ 267	\$ 1,279	\$ 2,050
Total net assets - cash and investment basis held in trust	<u>\$ 56</u>	<u>\$ 448</u>	<u>\$ 267</u>	<u>\$ 1,279</u>	<u>\$ 2,050</u>

WESTERN 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:		
School Building	\$ 7,305,000	\$ 1,544,500
School Building Expansion and Improvements	19,385,000	1,049,996
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bonds	<u>1,975,000</u>	<u>279,393</u>
Total governmental activities debt	<u>\$ 28,665,000</u>	<u>\$ 2,873,889</u>

WESTERN SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Records were not presented for audit to support the ADM claimed by the School Corporation.

IC 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission. . . ."

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8) (The School Administrator, Volume 163, September 2003, and Volume 182, June 2008)

OLD OUTSTANDING CHECKS (WARRANTS) (Applies to Intermediate School)

Our review of the bank reconcilements as of June 30, 2010, revealed checks outstanding in excess of two years.

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:

"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 a political subdivision; or (2) 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."

BANK ACCOUNT RECONCILIATIONS (APPLIES TO WESTERN HIGH SCHOOL)

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect. The reconciliation showed an unidentified difference that varied from month to month and has grown to over \$ 5,000 at June 30, 2010.

IC 5-13-6-1(e) states:

"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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Internal Control Over Compliance

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, the Western School Board, 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 11, 2011

WESTERN 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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	3490	\$ 32,590	\$ 55,156
National School Lunch Program	10.555	3490	<u>303,010</u>	<u>344,785</u>
Total for program			<u>335,600</u>	<u>399,941</u>
Total for federal grantor agency			<u>335,600</u>	<u>399,941</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-3490	46,054	-
		09-3490	243,032	29,836
		10-3490	<u>-</u>	<u>227,448</u>
Total for program			<u>289,086</u>	<u>257,284</u>
ARRA - Title I Grants to Local Education Agencies, Recovery Act	84.389	10-3490	<u>-</u>	<u>156,407</u>
Total for program			<u>-</u>	<u>156,407</u>
Total for cluster			<u>289,086</u>	<u>413,691</u>
Pass-Through Kokomo-Center Township Consolidated School Corporation				
Special Education Cluster				
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-035-SN01	<u>-</u>	<u>401,510</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-SN01	<u>-</u>	<u>18,429</u>
Total for cluster			<u>-</u>	<u>419,939</u>
Pass-Through Indiana Department of Workforce Development				
Career and Technical Education - Basic Grants to States	84.048	CPR-8-110	<u>-</u>	<u>7,500</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	07-3490	7,794	-
		08-3490	6,572	-
		09-3490	<u>-</u>	<u>11,690</u>
Total for program			<u>14,366</u>	<u>11,690</u>
State Grants for Innovative Programs	84.298	3490	<u>1,277</u>	<u>1,282</u>

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

WESTERN SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through West Lafayette School District English Language Acquisition Grants	84.365	3490	6,457	1,654
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365	3490	6,571	3,770
Total for program			13,028	5,424
Improving Teacher Quality State Grants	84.367			
		08-3490	947	152,158
		07-3490	-	6
Total for program			947	152,164
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	27064356	372,155	1,298,990
Total for federal grantor agency			690,859	2,310,680
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Funds Arsenic Remediation Grant	66.468			
		DW ARS 2340837	-	182,961
Total federal awards expended			<u>\$ 1,026,459</u>	<u>\$ 2,893,582</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2009	2010
Student Breakfast Program	10.553	\$ 4,557	\$ 6,870
National School Lunch Program	10.555	42,370	42,943

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
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Cost

No matters are reportable.

WESTERN SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WESTERN SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2011, with Dr. Peter O'Rourke, Superintendent of Schools; Pam Carter, Treasurer; and Harry Kenworthy, President of the School Board. The officials concurred with our audit findings.