

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WEST WASHINGTON SCHOOL CORPORATION
WASHINGTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
03/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vickie J. Nice	07-01-12 to 12-31-16
Superintendent of Schools	Gerald W. Jackson Keith A. Nance	07-01-12 to 06-30-15 07-01-15 to 06-30-16
President of the School Board	Rick D. Roberts Brian Farmer	07-01-12 to 12-31-14 01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the West Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2016, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

January 11, 2016



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

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

We have audited, 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, the financial statement of the West Washington School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 11, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT 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 statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

West Washington School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 11, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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WEST WASHINGTON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 4,031,407	\$ 7,017,696	\$ 6,947,340	\$ (255,079)	\$ 3,846,684	\$ 6,034,628	\$ 6,293,513	\$ (90,628)	\$ 3,497,171
Debt Service	459,707	1,082,387	1,000,565	-	541,529	1,039,520	990,637	-	590,412
Retirement/Severance Bond Debt Service	119,837	194,490	119,423	-	194,904	188,046	223,629	-	159,321
Capital Projects	310,360	593,359	483,073	8,500	429,146	672,627	445,709	-	656,064
School Transportation	728,975	672,571	596,723	9,452	814,275	720,528	650,190	-	884,613
School Bus Replacement	93,908	141,260	145,600	-	89,568	126,257	83,184	-	132,641
Rainy Day	290,937	1,924	-	5,504	298,365	-	-	34	298,399
Retirement/Severance Bond	(85,621)	1,305	97,475	147,984	(33,807)	5,872	91,842	90,628	(29,149)
School Lunch	18,228	386,818	387,413	(1,422)	16,211	369,479	401,949	-	(16,259)
Textbook Rental	(146,570)	74,779	40,219	116,483	4,473	77,083	72,083	-	9,473
Levy Excess	11,136	-	-	(11,136)	-	-	-	-	-
Donation 1	511	500	-	-	1,011	-	-	(1,011)	-
Educational License Plates	2,563	131	-	-	2,694	150	-	-	2,844
Proposed Budget Update	-	5,573	4,805	-	768	4,278	4,804	-	242
Phi Delta Kappa/Lilly	3,589	-	-	(3,589)	-	-	-	-	-
WW Jr-High E Gravett	936	-	-	(936)	-	-	-	-	-
Coke	602	-	-	(602)	-	-	-	-	-
WHAS	-	33,000	33,000	-	-	-	-	-	-
High Ability 11/12	1,454	-	1,454	-	-	-	-	-	-
High Ability 12/13	-	29,011	27,970	-	1,041	-	1,041	-	-
High Ability 13/14	-	-	-	-	-	27,828	27,372	-	456
Medicaid Reimbursement	10,791	3,529	5,061	-	9,259	140	573	-	8,826
Secured Schools Safety Grant	-	-	-	-	-	10,393	26,452	-	(16,059)
Scholarships and Awards	1,550	14,077	15,627	-	-	15,932	-	-	15,932
Non-English Speaking Programs P.L. 273-1999	376	-	-	(376)	-	-	-	-	-
School Technology	763	4,491	4,278	-	976	3,618	3,553	-	1,041
Donation	-	-	-	-	-	300	-	1,011	1,311
WWCF-Mahuron Grant	34	-	-	-	34	-	-	(34)	-
2014 WWCF Horizons Grant	-	-	-	-	-	578	-	-	578
Jump Start	-	-	-	-	-	1,987	-	-	1,987
Excess PTRC Distributions	-	14,282	-	(14,282)	-	-	-	-	-
Wash. Co. Substance Abuse	2,000	1,000	3,000	-	-	5,000	-	-	5,000
Fuel Up To Play 60 Grant	-	3,024	1,672	-	1,352	5,500	1,869	-	4,983
Fresh Food/Senators	-	746	746	-	-	-	-	-	-
Title 1 2011/2012	(61,902)	78,403	16,501	-	-	-	-	-	-
Title 1 2012/2013	-	233,797	262,021	-	(28,224)	28,095	(129)	-	-
Title I 2013/2014	-	-	-	-	-	240,911	251,641	-	(10,730)
(IDEA, Part B) LEA Capacity Building (Sliver) Gra	-	70,000	70,000	-	-	70,000	70,000	-	-
Medicaid Reimbursement - Federal	13,613	-	-	-	13,613	282	1,364	-	12,531
Title II Part A 2011/2012	(19,080)	21,987	2,907	-	-	-	-	-	-
Title II Part A-2012/2013	-	53,043	55,855	-	(2,812)	2,779	(33)	-	-
Title II 2013/2014	-	-	-	-	-	54,420	54,445	-	(25)
Rural Schools and Low Income Program - Pass TI	(1,674)	3,535	1,861	-	-	-	-	-	-
Rural & Low Income 2012/2013	-	14,304	15,718	-	(1,414)	6,396	4,982	-	-
Rural & Low Income FY 2012	-	-	555	-	(555)	16,605	16,050	-	-
Title II D-Technology	1	-	-	(1)	-	-	-	-	-
Education Jobs	-	4,418	4,418	-	-	-	-	-	-
Petty Cash	100	-	-	-	100	-	-	-	100
Prepaid Lunch	2,725	82,231	82,711	-	2,245	78,076	77,537	-	2,784
Payroll Withholdings	127,143	1,417,759	1,445,140	-	99,762	1,623,508	1,540,624	-	182,646
Totals	\$ 5,918,399	\$ 12,255,430	\$ 11,873,131	\$ 500	\$ 6,301,198	\$ 11,430,816	\$ 11,334,881	\$ -	\$ 6,397,133

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

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. Funds Title II Part A – 2012/2013 and Title I 2012/2013 have negative disbursements reported for the year ending 6/30/14. This is a result of corrections being posted in the year following the original posting error. Since the original entry and the correction were made in separate periods, a negative disbursement resulted.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Title 1, Title II, Rural and Low Income Program and Secured Schools Safety Grant are funds set up for reimbursable grants. These grant funds were expected to have negative balances because of the manner in which the grants are administered. The reimbursement for expenditures made by the School Corporation was not received by June 30 for each fiscal year.

WEST WASHINGTON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *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. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$441,570 and \$441,570, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 4,031,407	\$ 459,707	\$ 119,837	\$ 310,360	\$ 728,975	\$ 93,908	\$ 290,937	\$ (85,621)	\$ 18,228	\$ (146,570)	\$ 11,136
Receipts:											
Local sources	840,235	1,082,387	194,490	583,122	664,715	141,260	1,924	1,305	145,654	40,668	-
Intermediate sources	14	-	-	-	-	-	-	-	-	-	-
State sources	6,167,724	-	-	-	-	-	-	-	2,323	33,891	-
Federal sources	-	-	-	-	-	-	-	-	238,841	-	-
Temporary loans	-	-	-	9,609	-	-	-	-	-	-	-
Other	9,723	-	-	628	7,856	-	-	-	-	220	-
Total receipts	7,017,696	1,082,387	194,490	593,359	672,571	141,260	1,924	1,305	386,818	74,779	-
Disbursements:											
Current:											
Instruction	4,195,108	-	-	7,900	-	-	-	84,459	-	-	-
Support services	2,582,856	-	-	371,639	596,723	145,600	-	13,016	101	40,219	-
Noninstructional services	145,857	-	-	-	-	-	-	-	387,312	-	-
Facilities acquisition and construction	23,519	-	-	103,534	-	-	-	-	-	-	-
Debt services	-	1,000,565	119,423	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,947,340	1,000,565	119,423	483,073	596,723	145,600	-	97,475	387,413	40,219	-
Excess (deficiency) of receipts over disbursements	70,356	81,822	75,067	110,286	75,848	(4,340)	1,924	(96,170)	(595)	34,560	-
Other financing sources (uses):											
Sale of capital assets	500	-	-	-	-	-	-	-	-	-	-
Transfers in	20,509	-	-	8,500	30,744	-	5,504	147,984	683	116,483	-
Transfers out	(276,088)	-	-	-	(21,292)	-	-	-	(2,105)	-	(11,136)
Total other financing sources (uses)	(255,079)	-	-	8,500	9,452	-	5,504	147,984	(1,422)	116,483	(11,136)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(184,723)	81,822	75,067	118,786	85,300	(4,340)	7,428	51,814	(2,017)	151,043	(11,136)
Cash and investments - ending	\$ 3,846,684	\$ 541,529	\$ 194,904	\$ 429,146	\$ 814,275	\$ 89,568	\$ 298,365	\$ (33,807)	\$ 16,211	\$ 4,473	\$ -

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Donation 1	Educational License Plates	Proposed Budget Update	Phi Delta Kappa/Lilly	WW Jr-High E. Gravett	Coke	WHAS	High Ability 11/12	High Ability 12/13	High Ability 13/14
Cash and investments - beginning	\$ 511	\$ 2,563	\$ -	\$ 3,589	\$ 936	\$ 602	\$ -	\$ 1,454	\$ -	\$ -
Receipts:										
Local sources	500	-	5,573	-	-	-	33,000	-	-	-
Intermediate sources	-	131	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	29,011	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	500	131	5,573	-	-	-	33,000	-	29,011	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	1,454	27,970	-
Support services	-	-	-	-	-	-	33,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	4,805	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,805	-	-	-	33,000	1,454	27,970	-
Excess (deficiency) of receipts over disbursements	500	131	768	-	-	-	-	(1,454)	1,041	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(3,589)	(936)	(602)	-	-	-	-
Total other financing sources (uses)	-	-	-	(3,589)	(936)	(602)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	131	768	(3,589)	(936)	(602)	-	(1,454)	1,041	-
Cash and investments - ending	\$ 1,011	\$ 2,694	\$ 768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041	\$ -

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Medicaid Reimbursement	Secured Schools Safety Grant	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Donation	WWCF- Mahuron Grant	2014 WWCF Horizons Grant	Jump Start	Excess PTRC Distributions
Cash and investments - beginning	\$ 10,791	\$ -	\$ 1,550	\$ 376	\$ 763	\$ -	\$ 34	\$ -	\$ -	\$ -
Receipts:										
Local sources	2,990	-	14,077	-	-	-	-	-	-	14,282
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	539	-	-	-	4,491	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,529</u>	<u>-</u>	<u>14,077</u>	<u>-</u>	<u>4,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,282</u>
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	5,061	-	-	-	4,278	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	15,627	-	-	-	-	-	-	-
Total disbursements	<u>5,061</u>	<u>-</u>	<u>15,627</u>	<u>-</u>	<u>4,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,532)</u>	<u>-</u>	<u>(1,550)</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,282</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(376)	-	-	-	-	-	(14,282)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,282)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,532)</u>	<u>-</u>	<u>(1,550)</u>	<u>(376)</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 9,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 976</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Wash. Co. Substance Abuse	Fuel Up To Play 60 Grant	Fresh Food/Senators	Title 1 2011/2012	Title 1 2012/2013	Title 1 2013/2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Title II Part A 2011/2012	Title II Part A 2012/2013
Cash and investments - beginning	\$ 2,000	\$ -	\$ -	\$ (61,902)	\$ -	\$ -	\$ -	\$ 13,613	\$ (19,080)	\$ -
Receipts:										
Local sources	1,000	3,024	746	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	78,403	233,797	-	70,000	-	21,987	53,043
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,000	3,024	746	78,403	233,797	-	70,000	-	21,987	53,043
Disbursements:										
Current:										
Instruction	-	1,672	746	16,501	262,021	-	-	-	2,907	55,855
Support services	3,000	-	-	-	-	-	70,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,000	1,672	746	16,501	262,021	-	70,000	-	2,907	55,855
Excess (deficiency) of receipts over disbursements	(2,000)	1,352	-	61,902	(28,224)	-	-	-	19,080	(2,812)
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	(2,000)	1,352	-	61,902	(28,224)	-	-	-	19,080	(2,812)
Cash and investments - ending	\$ -	\$ 1,352	\$ -	\$ -	\$ (28,224)	\$ -	\$ -	\$ 13,613	\$ -	\$ (2,812)

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title II 2013/2014	Rural Schools and Low Income Program - Pass Through State	Rural & Low Income 2012/2013	Rural & Low Income FY 2012	Title II D-Technology	Education Jobs	Petty Cash	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (1,674)	\$ -	\$ -	\$ 1	\$ -	\$ 100	\$ 2,725	\$ 127,143	\$ 5,918,399
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	3,770,952
Intermediate sources	-	-	-	-	-	-	-	-	-	145
State sources	-	-	-	-	-	-	-	-	-	6,237,979
Federal sources	-	3,535	14,304	-	-	4,418	-	-	-	718,328
Temporary loans	-	-	-	-	-	-	-	-	-	9,609
Other	-	-	-	-	-	-	-	82,231	1,417,759	1,518,417
Total receipts	-	3,535	14,304	-	-	4,418	-	82,231	1,417,759	12,255,430
Disbursements:										
Current:										
Instruction	-	-	3,166	-	-	-	-	-	-	4,659,759
Support services	-	1,861	12,041	555	-	-	-	-	-	3,879,950
Noninstructional services	-	-	511	-	-	4,418	-	-	-	538,098
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	127,053
Debt services	-	-	-	-	-	-	-	-	-	1,124,793
Nonprogrammed charges	-	-	-	-	-	-	-	82,711	1,445,140	1,543,478
Total disbursements	-	1,861	15,718	555	-	4,418	-	82,711	1,445,140	11,873,131
Excess (deficiency) of receipts over disbursements	-	1,674	(1,414)	(555)	-	-	-	(480)	(27,381)	382,299
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	500
Transfers in	-	-	-	-	-	-	-	-	-	330,407
Transfers out	-	-	-	-	(1)	-	-	-	-	(330,407)
Total other financing sources (uses)	-	-	-	-	(1)	-	-	-	-	500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,674	(1,414)	(555)	(1)	-	-	(480)	(27,381)	382,799
Cash and investments - ending	\$ -	\$ -	\$ (1,414)	\$ (555)	\$ -	\$ -	\$ 100	\$ 2,245	\$ 99,762	\$ 6,301,198

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 3,846,684	\$ 541,529	\$ 194,904	\$ 429,146	\$ 814,275	\$ 89,568	\$ 298,365	\$ (33,807)	\$ 16,211	\$ 4,473	\$ -
Receipts:											
Local sources	32,726	1,039,520	188,046	672,627	715,995	126,257	-	5,872	113,791	41,523	-
Intermediate sources	31	-	-	-	-	-	-	-	-	-	-
State sources	5,995,598	-	-	-	-	-	-	-	2,408	35,160	-
Federal sources	-	-	-	-	-	-	-	-	253,030	-	-
Other	6,273	-	-	-	4,533	-	-	-	250	400	-
Total receipts	6,034,628	1,039,520	188,046	672,627	720,528	126,257	-	5,872	369,479	77,083	-
Disbursements:											
Current:											
Instruction	4,286,640	-	-	5,741	216	-	-	78,702	-	-	-
Support services	1,842,769	-	-	318,875	649,974	83,184	-	13,140	787	72,083	-
Noninstructional services	143,567	-	-	-	-	-	-	-	401,162	-	-
Facilities acquisition and construction	20,537	-	-	121,093	-	-	-	-	-	-	-
Debt services	-	990,637	223,629	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,293,513	990,637	223,629	445,709	650,190	83,184	-	91,842	401,949	72,083	-
Excess (deficiency) of receipts over disbursements	(258,885)	48,883	(35,583)	226,918	70,338	43,073	-	(85,970)	(32,470)	5,000	-
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	34	90,628	-	-	-
Transfers out	(90,628)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(90,628)	-	-	-	-	-	34	90,628	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(349,513)	48,883	(35,583)	226,918	70,338	43,073	34	4,658	(32,470)	5,000	-
Cash and investments - ending	\$ 3,497,171	\$ 590,412	\$ 159,321	\$ 656,064	\$ 884,613	\$ 132,641	\$ 298,399	\$ (29,149)	\$ (16,259)	\$ 9,473	\$ -

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Donation 1	Educational License Plates	Proposed Budget Update	Phi Delta Kappa/Lilly	WW Jr-High E. Gravett	Coke	WHAS	High Ability 11/12	High Ability 12/13	High Ability 13/14
Cash and investments - beginning	\$ 1,011	\$ 2,694	\$ 768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041	\$ -
Receipts:										
Local sources	-	-	4,278	-	-	-	-	-	-	-
Intermediate sources	-	150	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	27,828
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	150	4,278	-	-	-	-	-	-	27,828
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	1,041	22,924
Support services	-	-	-	-	-	-	-	-	-	4,448
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	4,804	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,804	-	-	-	-	-	1,041	27,372
Excess (deficiency) of receipts over disbursements	-	150	(526)	-	-	-	-	-	(1,041)	456
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(1,011)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,011)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,011)	150	(526)	-	-	-	-	-	(1,041)	456
Cash and investments - ending	\$ -	\$ 2,844	\$ 242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Medicaid Reimbursement	Secured Schools Safety Grant	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Donation	WWCF- Mahuron Grant	2014 WWCF Horizons Grant	Jump Start	Excess PTRC Distributions
Cash and investments - beginning	\$ 9,259	\$ -	\$ -	\$ -	\$ 976	\$ -	\$ 34	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	15,932	-	-	300	-	578	1,987	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	140	10,393	-	-	3,618	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	140	10,393	15,932	-	3,618	300	-	578	1,987	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	573	23,606	-	-	3,553	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	2,846	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	573	26,452	-	-	3,553	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(433)	(16,059)	15,932	-	65	300	-	578	1,987	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	1,011	-	-	-	-
Transfers out	-	-	-	-	-	-	(34)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,011	(34)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(433)	(16,059)	15,932	-	65	1,311	(34)	578	1,987	-
Cash and investments - ending	\$ 8,826	\$ (16,059)	\$ 15,932	\$ -	\$ 1,041	\$ 1,311	\$ -	\$ 578	\$ 1,987	\$ -

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Wash. Co. Substance Abuse	Fuel Up To Play 60 Grant	Fresh Food/Senators	Title 1 2011/2012	Title 1 2012/2013	Title 1 2013/2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Medicaid Reimbursement - Federal	Title II Part A 2011/2012	Title II Part A 2012/2013
Cash and investments - beginning	\$ -	\$ 1,352	\$ -	\$ -	\$ (28,224)	\$ -	\$ -	\$ 13,613	\$ -	\$ (2,812)
Receipts:										
Local sources	5,000	5,500	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	28,095	240,911	70,000	282	-	2,779
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	5,000	5,500	-	-	28,095	240,911	70,000	282	-	2,779
Disbursements:										
Current:										
Instruction	-	1,869	-	-	(129)	251,641	150	-	-	(33)
Support services	-	-	-	-	-	-	69,850	1,364	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,869	-	-	(129)	251,641	70,000	1,364	-	(33)
Excess (deficiency) of receipts over disbursements	5,000	3,631	-	-	28,224	(10,730)	-	(1,082)	-	2,812
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	5,000	3,631	-	-	28,224	(10,730)	-	(1,082)	-	2,812
Cash and investments - ending	\$ 5,000	\$ 4,983	\$ -	\$ -	\$ -	\$ (10,730)	\$ -	\$ 12,531	\$ -	\$ -

WEST WASHINGTON SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title II 2013/2014	Rural Schools and Low Income Program - Pass Through State	Rural & Low Income 2012/2013	Rural & Low Income FY 2012	Title II D-Technology	Education Jobs	Petty Cash	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,414)	\$ (555)	\$ -	\$ -	\$ 100	\$ 2,245	\$ 99,762	\$ 6,301,198
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	2,969,932
Intermediate sources	-	-	-	-	-	-	-	-	-	181
State sources	-	-	-	-	-	-	-	-	-	6,075,145
Federal sources	54,420	-	6,396	16,605	-	-	-	-	-	672,518
Other	-	-	-	-	-	-	-	78,076	1,623,508	1,713,040
Total receipts	54,420	-	6,396	16,605	-	-	-	78,076	1,623,508	11,430,816
Disbursements:										
Current:										
Instruction	54,445	-	481	3,071	-	-	-	-	-	4,706,759
Support services	-	-	4,074	12,979	-	-	-	-	-	3,101,259
Noninstructional services	-	-	427	-	-	-	-	-	-	545,156
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	144,476
Debt services	-	-	-	-	-	-	-	-	-	1,219,070
Nonprogrammed charges	-	-	-	-	-	-	-	77,537	1,540,624	1,618,161
Total disbursements	54,445	-	4,982	16,050	-	-	-	77,537	1,540,624	11,334,881
Excess (deficiency) of receipts over disbursements	(25)	-	1,414	555	-	-	-	539	82,884	95,935
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	91,673
Transfers out	-	-	-	-	-	-	-	-	-	(91,673)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25)	-	1,414	555	-	-	-	539	82,884	95,935
Cash and investments - ending	\$ (25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 2,784	\$ 182,646	\$ 6,397,133

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
West Washington Building Corporation	West Washington Elementary School Renovation	\$ 127,900	6/30/2003	12/31/2016
	Building-Wide Roof Replacement	125,524	6/30/2004	12/27/2017
	Building-Wide Roof Replacement	118,880	6/30/2004	11/13/2017
	West Washington Elementary School Renovation	<u>69,266</u>	6/30/2006	6/30/2021
Total of annual lease payments		<u>\$ 441,570</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds of 2004	\$ 1,060,000	\$ 113,793
Notes and loans payable	2001 Common School Loan	186,836	129,572
Notes and loans payable	2005 Common School Loan	<u>4,095,644</u>	<u>409,564</u>
Total governmental activities		<u>5,342,480</u>	<u>652,929</u>
Totals		<u>\$ 5,342,480</u>	<u>\$ 652,929</u>

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 157,575
Infrastructure	6,299
Buildings	12,671,604
Improvements other than buildings	907,767
Machinery, equipment, and vehicles	2,466,931
Construction in progress	5,539,394
Books and other	143,816
Total governmental activities	21,893,386
Total capital assets	\$ 21,893,386

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the West Washington School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Reporting that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-004, 2014-005, and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, and 2014-006 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 11, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			SY 12-13	\$ 72,220	\$ -
			SY 13-14	-	62,399
				<u>72,220</u>	<u>62,399</u>
Total - School Breakfast Program				<u>72,220</u>	<u>62,399</u>
National School Lunch Program	Indiana Department of Education	10.555			
			SY 12-13	213,854	-
			SY 13-14	-	208,591
				<u>213,854</u>	<u>208,591</u>
Total - National School Lunch Program				<u>213,854</u>	<u>208,591</u>
Total - Child Nutrition Cluster				<u>286,074</u>	<u>270,990</u>
Total - Department of Agriculture				<u>286,074</u>	<u>270,990</u>
DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-8220	78,403	-
			13-8220	233,797	28,095
			14-8220	-	240,910
				<u>312,200</u>	<u>269,005</u>
Total - Title I, Part A Cluster				<u>312,200</u>	<u>269,005</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			SY 12-13	70,000	-
			SY 13-14	-	70,000
			14212-056-PN01	43,953	-
			14213-056-PN01	198,779	46,007
			14214-056-PN01	-	168,088
			99914-056-PN01	-	2,236
				<u>312,732</u>	<u>286,331</u>
Total - Special Education - Grants to States				<u>312,732</u>	<u>286,331</u>

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

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>DEPARTMENT OF EDUCATION (continued)</u>					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45712-056-PN01	5,135	-
			45713-056-PN01	3,968	5,489
			45714-056-PN01	-	4,971
				<u>9,103</u>	<u>10,460</u>
Total - Special Education - Preschool Grants				<u>9,103</u>	<u>10,460</u>
Total for Special Education Cluster (IDEA)				<u>321,835</u>	<u>296,791</u>
Rural Education	Indiana Department of Education	84.358			
			SY 10-12	3,535	-
			SY 11-13	14,304	6,396
			SY 12-14	-	16,605
				<u>17,839</u>	<u>23,001</u>
Total - Rural Education				<u>17,839</u>	<u>23,001</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			SY 11-12	21,987	-
			SY 12-13	53,043	2,779
			SY 13-14	-	54,420
				<u>75,030</u>	<u>57,199</u>
Total - Improving Teacher Quality State Grants				<u>75,030</u>	<u>57,199</u>
Education Jobs Fund	Indiana Department of Education	84.410			
			SY 10-11	4,418	-
				<u>4,418</u>	<u>-</u>
Total - Department of Education				<u>731,322</u>	<u>645,996</u>
Total federal awards expended				<u>\$ 1,017,396</u>	<u>\$ 916,986</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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 24,625	\$ 22,518

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	
Special Education Cluster (IDEA)	Qualified
Title I, Part A Cluster	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Title I, Part A Cluster
Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,0000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, we noted the following errors: several grant names were incorrect, pass-through agencies were not always listed, and some federal grants were omitted. Audit adjustments in the amount of \$912,925 were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-8220; 13-8220; and 14-8220
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with the Allowable Costs/Cost Principles compliance requirement related to the program.

The School Corporation had six employees that worked solely within the Title I program during the audit period. The salaries and wages of Title I staff are required to be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The Title I Director provided semi-annual certifications that were signed and dated as of the beginning of the period covered instead of certifying at the end of the period that the employees did indeed work on that program for the period covered as required by OMB Circular A-87.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8(h)(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance and to comply with the grant agreement and compliance requirements listed above.

FINDING 2014-003 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-8220; 13-8220; 14-8220

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that reimbursement requests and required reports were accurately prepared. One person was responsible for preparing and submitting the reimbursement requests and reports. There was no evidence to suggest proper segregation of duties such as an oversight or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

The failure to establish internal controls could enable noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the grant agreement and the compliance requirements listed above.

FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - SCHOOLWIDE PROGRAM

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-8220; 13-8220; and 14-8220

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Schoolwide Program compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation operated a schoolwide Title I program. One of the core elements of a schoolwide program is that an annual evaluation on the implementation of and the results achieved by the schoolwide program must be completed. There was no evidence that an annual evaluation of the schoolwide Title I program had been completed for the period audited.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 200.26 - Core elements of a schoolwide program states in part:

- "(a) Comprehensive needs assessment . . .
- (b) Comprehensive plan . . .
- (c) Evaluation. A school operating a schoolwide program must -

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

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance and to comply with the grant agreement and compliance requirement listed above.

FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - ANNUAL REPORT CARD, HIGH SCHOOL GRADUATION RATE

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-8220; 13-8220; and 14-8220
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation reported that 12 students were removed from a graduation cohort during the audit period. For 6 of the 12 students that were removed, there was no written documentation available to confirm that the students were removed from the graduation cohorts due to a transfer out, emigration to another country, or death.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 200.19(b)(ii) states in part:

"(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.
- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance and to comply with the grant agreement and the compliance requirement listed above.

FINDING 2014-006 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education-Grants to States and Special Education-Preschool Grants

CFDA Number: 84.027 and 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-056-PN01; 14213-056-PN01;
14214-056-PN01; 99914-056-PN01;
45712-056-PN01; 45713-056-PN01;
45714-056-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the Special Education program on behalf of the School Corporation and manages the Special Education grant funds.

Management of the Cooperative has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

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

Cash Management

The Cooperative had established procedures to ensure expenditures were incurred and/or paid prior to requesting the reimbursement. The procedures were that the reimbursement requests were supported by expenditure or appropriation report and reviewed by the Director. However, these controls were not properly implemented or effective because the Cooperative claimed and received reimbursement of expenditures which were not incurred and/or paid prior to the date of claiming the reimbursement. Instances were noted where expenditure reports generated for the period were either for more or less than amounts claimed for reimbursement. Also, the "Total Expenses to Date" shown on the reimbursement request forms were all more than the amount of shown on the expenditure reports. Examination of supporting documentation for six reimbursement requests indicated that the supporting documentation for the amounts spent did not agree with the amounts requested. Inaccurate reimbursement requests resulted in unexpended grant funds being on hand at months end during the audit period for the various Special Education grants.

Reporting

The Cooperative had established procedures to ensure that reports were filed accurately by reports being supported by expenditure or appropriation report and reviewed by the Director. However, these controls were not properly implemented or effective because the Cooperative submitted Reimbursement Request Forms requesting a reimbursement for expenses for each month and Final Reports for the completion of the grants that were not accurate and they did not have documentation to support the total expenditures reported on the final reports. Examination of supporting documentation for four out of four reimbursement requests and one out of two final reports tested did not agree with the Cooperative's records. Inaccurate reimbursement requests resulted in unexpended grant funds being on hand at months end during the audit period.

OMB Circular A-133, Subpart C, section .300(b) states:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 80.21 states in part:

"(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . .

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

31 CFR 205.12(b) states in part:

"(5) Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

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

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure that reimbursement basis grant expenditures are paid prior to the date that the reimbursement is claimed and amounts claimed and reported agree to supporting documentation in accordance with Cash Management and Reporting requirements.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

West Washington School Corporation

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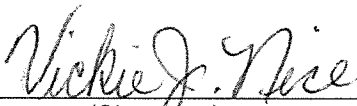
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2 CASH MANAGEMENT


Original Assigned SBA Audit Report Number: B41887
Report Period: July 1, 2010 to June 30, 2012
Federal Grantor Agency: U.S. Department of Education
Pass-Through Entity: Indiana Department of Education
CFDA Numbers: 84.389 and 84.010
Federal Award Number: 11-8220; 11-8220 and 12-8220
Contact Person Responsible for Corrective Action: Vickie Nice, Treasurer
Contact Phone Number: 812-755-4872

Status of Audit Finding:


For Title I Grants, Requests for Reimbursement are made only after expenses are incurred.



(Signature)



(Title)



(Date)

"We Grow"

West Washington School Corporation

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Corrective Action Plan

Finding 2014-001 -

Description of Corrective Action: The School Corporation has implemented proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. The Corporation Treasurer will prepare the schedule of awards and submit to the Superintendent for review.

Anticipated Completion Date:

Effective Immediately

Findings 2014-002 -

Contact Person Responsible for Corrective Action: Vickie Nice
Contact Phone Number: 812-755-4872

Description of Corrective Action: The semi-annual certification form will be modified to include the Title I Coordinator, building administrator's signature and the employee's initials. Additionally, the Title I Coordinator will create a document that attests that 100% of the employee's time on activities was authorized by the Title I program and it too will be signed

Anticipated Completion Date: Effective Immediately

Finding 2014-003 -

Contact Person Responsible for Corrective Action: Vickie Nice
Contact Phone Number: 812-755-4872

"We Grow"

Description of Corrective Action: Reports will be prepared by the Corporation Treasure and reviewed by the Title I Coordinator, Corporation Deputy Treasurer or Superintendent prior to submission.

Anticipated Completion Date: Effective Immediately

Finding 2014-004 -

Contact Person Responsible for Corrective Action: Barry Clements
Contact Phone Number: 812-755-4934

Description of Corrective Action: A system is in place that utilizes scores from various assessments and teacher recommendation to determine which students will be serviced through the Title I program. This information will be documented.

An annual evaluation of the effectiveness of the Title I program will take place at the conclusion of the school year. The evaluation committee will include teacher representation, the Title I Coordinator and the building administrator.

Anticipated Completion Date: Effective Immediately

Finding 2014-005 -

Contact Person Responsible for Corrective Action: Mary Anne Knapp
Contact Phone Number: 812-755-4996

Description of Corrective Action: A system will be in place that ensures that students that are removed from a cohort have the appropriate documentation. If advance warning is given the student will undergo an exit conference with a building administrator and the guidance department. In most cases, we are given no advance warning when a student leaves. We seek confirmation of withdraw via phone or electronic means. Many times when a student is unable to be located it is rumored that they have left the state. It will be the responsibility of the high school administrator along with the guidance department to ensure the students transfer is documented in writing. Written assurance that the student is enrolled at another school will be documented when available. If verification of transfer is not available, then efforts to track down the student will be documented.

Anticipated Completion Date: Effective Immediately

Finding 2014-006 -

Contact Person Responsible for Corrective Action: Keith Nance
Contact Phone Number: 812-755-4872

Description of Corrective Action: The School Corporation has established procedures to ensure expenditures are incurred and/or paid prior to requesting the reimbursement and that reports will be filled accurately. Reimbursement requests and reports will be supported by expenditure or appropriation report and reviewed by the Special Education Co-Op director and the school corporation Assistant Treasurer before submission. This will ensure that reimbursement grant expenditures are paid prior to the date that the reimbursement is claimed and amounts claimed and reported agree to supporting documentation in accordance with Cash Management and Reporting requirements.

Anticipated Completion Date: Effective Immediately

Signature:	<i>Keith A. Nance</i>
Title:	<i>Superintendent</i>
Date:	<i>1/11/16</i>

Signature:	<i>Vickie J. Price</i>
Title:	<i>TREASURER</i>
Date:	<i>1/11/16</i>

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.